

BUSINESS WEEK

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Profits

A GOOD FIRST HALF
PAGE 25

275
250
225
200
175
150
125
100
75
50
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YEAR
AGO



Champion's Robertson: Telling a paper story on film (page 94)

A MCGRAW-HILL PUBLICATION

AUG. 1, 1953

TWENTY-FIVE CENTS



Takes the bugs out of your golf

FOR MANY A WAVERING, unsunk putt, for approaches that head flagwards but fetch up in a trap, blame those insidious enemies of golf—the turf insects that dote on a tasty green or fairway.

But from now on, you may also blame your greenskeeper for failing to know that a powerful Shell insecticide, aldrin, is deadly to pests that ruin grass, and wreck the accuracy of your game.

Not only on golf courses, but in parks, private lawns, athletic fields—and vital pasture land, too—

aldrin controls turf insects *in the destructive grub stage*. It penetrates soil to curb the larvae of June beetles, Japanese beetles and a host of other "bugs," and at the same time wipes out whole colonies of soil-spoiling ants.

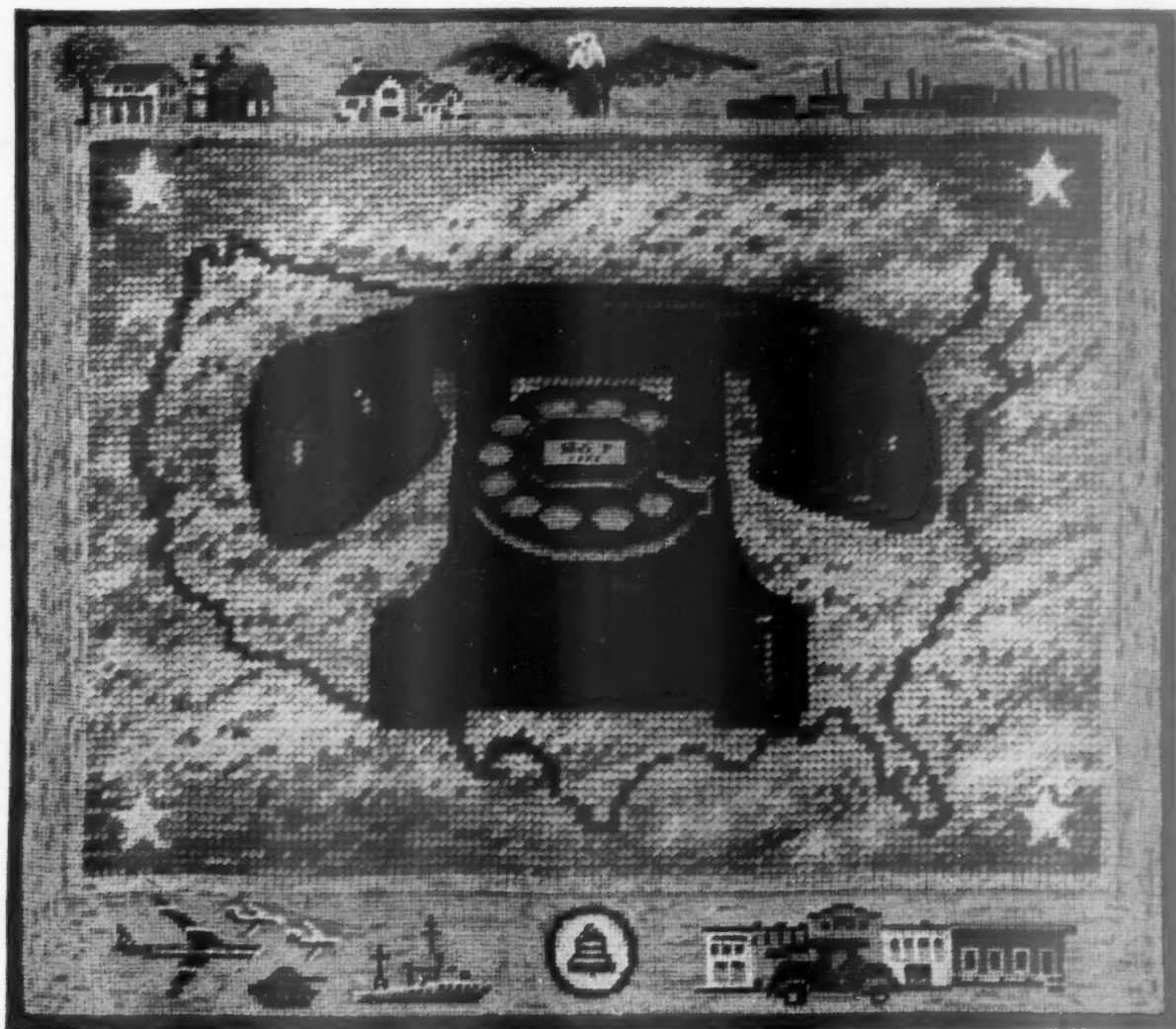
Bringing aldrin into play against pests, above and below ground is an example of Shell Chemical's partnership with agriculture and industry. Application of petroleum chemistry to your needs is our constant purpose.

Shell Chemical Corporation

Chemical Partner of Industry and Agriculture

NEW YORK • DENVER • SAN FRANCISCO





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WOVEN INTO THE FABRIC OF THE NATION

Daily, as on a magic loom, the countless activities of millions of people are woven together by telephone.

Home is linked with home.

Business to business. Community to community. City to city.

Friends and places nearby or far away are within the reach of a hand.

Without the telephone, time and space would rush between us and each would be so much alone.

And so many things would not get done.

BELL TELEPHONE SYSTEM *Local to serve the community. NATIONWIDE to serve the nation.*



*It Computes the Cost
of Gasoline Pumped... in All of
the World's Currencies*



Everyone Can Count on VEEDER-ROOT

Yes, this Veeder-Root Gasoline Pump Computer speaks the languages of 144 countries! A rugged, accurate mechanism of 800-plus parts, it's the modern protection given you by gasoline pump manufacturers, gasoline refiners and their service-station outlets... to make sure you get full measure in your tank, and the right change in your pocket (or you can buy in "even money"). And what's more, it underscores the fact that "Veeder-Root Counts Everything on Earth"... electrically, mechanically or manually... with standard and special devices of every conceivable type. Do you have a counting problem, in any of your defense work or any of your regular production? If so, you can count on V-R to help you in every possible way.

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"The Name That Counts"

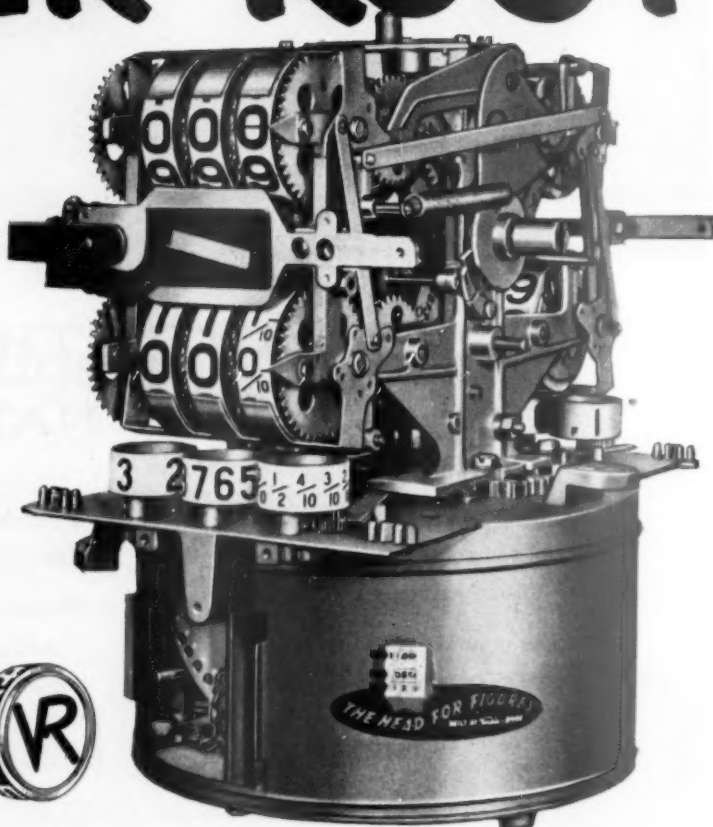
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"Counts Everything on Earth"



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Clyde L. Lyon School, Glenview, Illinois. Photo by Hedrich-Blessing.

Functional Schools

Perkins and Will, nationally known Architects and Engineers specify "perimeter" heating for comfort and economy . . .

Many of the schools designed by this Chicago firm feature large glass areas. To off-set resulting heat losses, the consulting engineers, E. R. Gritschke and Associates, have specified Webster Walvector, Tru-Perimeter Heating.



Library in Cascades School, Jackson, Michigan.

Webster Walvector gently warms the exposed walls of a building. Heating-up is quick and easily controlled. Less piping is needed than in conventional radiator systems, there are no fans, blowers or filters.



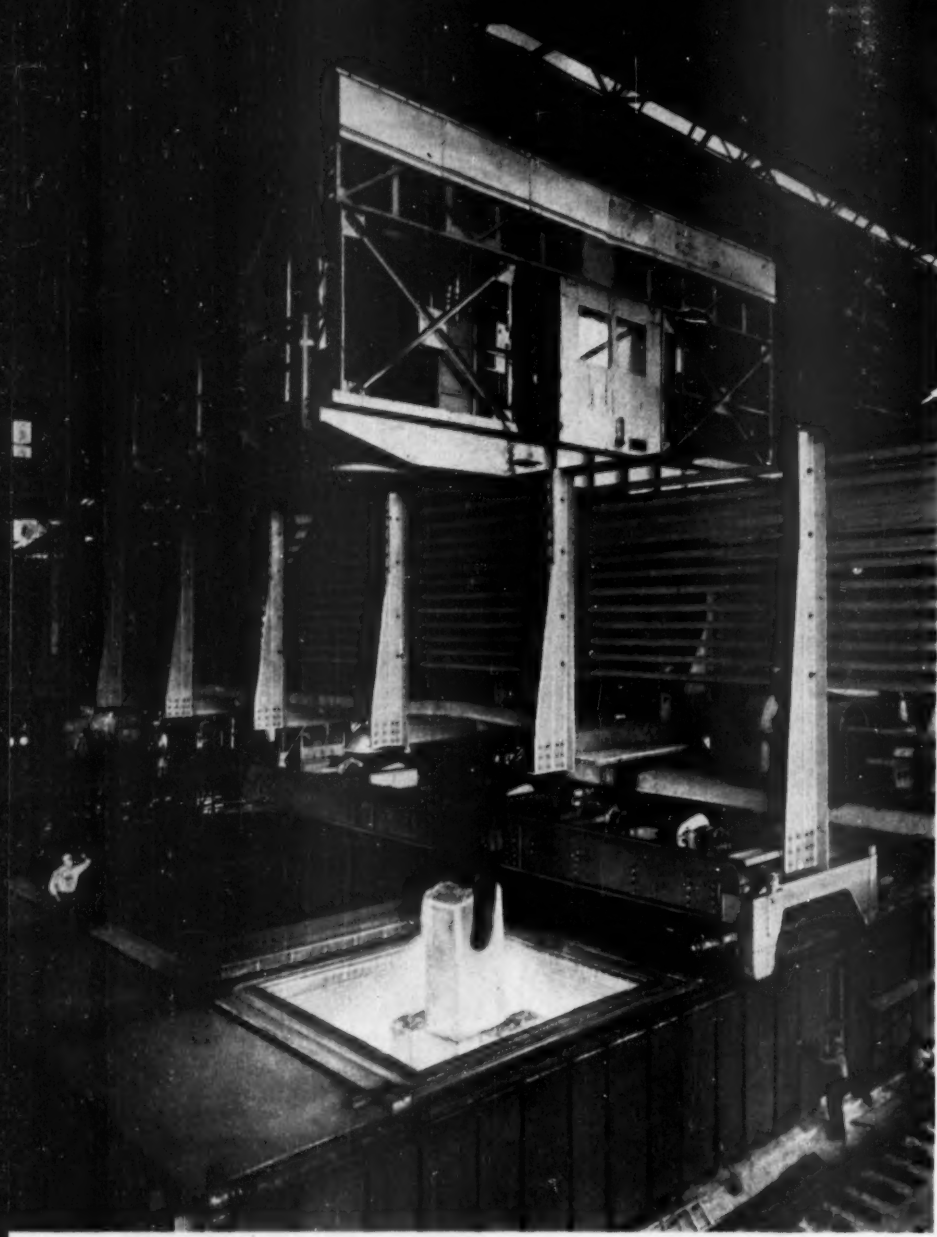
Teacher's lounge in Technical Building, Evanston Township High School, Evanston, Illinois.

For new construction or modernization, with forced hot water or low pressure steam. Write us.

Address Dept. BW-8

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 In Canada, Darling Brothers, Limited, Montreal

Webster
WALVECTOR
 For Steam or Hot Water Heating



Newest of the New

Everything is new but the name at Pittsburgh Steel. Latest example: six newly-installed soaking pit furnaces—the first of 15—being constructed at a cost of over \$3.5 million.

The size of a three-story office building, this six-furnace unit required 60 freight cars of material, including enough brick to build over 100 average-size brick homes. The remaining furnaces in this project are now under construction. When completed they will have the capacity to handle the entire ingot output of the expanded open-hearths at Monessen Works—about 1,560,000 net tons annually.

Pittsburgh Steel's \$62.8 million Program of Progress is now coming down the home stretch. Each separate project has been planned to supplement and complement the other, to bring about a better balance between steel production and finishing capacities.

This will enable Pittsburgh Steel to better serve its customers through closer quality control, increased production and a wide range of products. Employees will benefit from greater opportunity to learn and advance. Product diversification and unified production will increase earning potential for the stockholders. And our economy is strengthened at home and abroad by helping to out-produce aggressor nations.

Glowing Steel ingots uniformly heated in one of six new soaking pit furnaces are now ready for rolling through the new blooming-slabbing mill. They

will be transformed into slabs for the new hot-rolled sheet mill. Steel for wire and wire products, and for the modern seamless tube mills is also heated here.

Program of Progress

Acquisition of Thomas Steel	100%	Complete
Increase of Blast Furnace Capacity by 12%	85%	Complete
Increase of Open Hearth Capacity by 48%	100%	Complete
Installation of new 66-inch High Lift Blooming-Slabbing Mill	100%	Complete
Installation of Continuous 66-inch Hot Rolled Sheet-Strip Mill	100%	Complete
Installation of 66-inch Cold Rolled Sheet-Strip Mill	80%	Complete



Pittsburgh Steel Company

Pittsburgh, Pennsylvania



At General Electric's Electronics Park \$331,660 SAVED with Hauserman Movable Walls

● At General Electric's world-famed Electronics Park, Syracuse, New York, *movability* is the key factor in the tremendous savings which have been effected by Hauserman Interior Walls.

Since 1948, constantly changing floor space requirements have resulted in rearrangement of 15,186 lineal feet of modern Hauserman *Movable Walls*. Cost of these necessary rearrangements, as compared with estimated figures for moving ordinary so-called permanent walls, has resulted in savings of \$331,660.00.

Naturally your requirements are not the same as those at Electronics Park. But, consider the tremendous advantages of having permanent walls that can be completely rearranged almost overnight... walls which effectively deaden sound... walls which are incombustible... walls which do not require repainting!

Now is the time to get the complete story about Hauserman *Movable Walls*.



SEND FOR THIS BOOKLET TODAY! It contains 16 pages of cost-saving highlights about Hauserman Movable Interior Walls for practically every type of non-residential building application. Write for your free copy of *The Inside Story of Building Economy*. The E. F. Hauserman Company, 7280 Grant Avenue, Cleveland 3, Ohio.

HAUSERMAN
Movable Interiors

OFFICES • SCHOOLS • LABORATORIES
HOSPITALS • INDUSTRIAL PLANTS

SERVES MORE LEADING MARKETS THAN ANY OTHER AIR CARRIER



This "Program" Keeps the TV Industry on schedule!

How American Airfreight has improved production for leading electronic manufacturers

To keep assembly lines flowing smoothly, the nation's television industry today specifies airfreight delivery on incoming shipments from distant suppliers. Thus component

parts are on hand in the factory when needed and production schedules are promptly met.

What's more, such an airfreight "program" permits more rapid introduction of set improvements—and at the same time eliminates heavy obsolescence costs on component parts that would otherwise be in stock for the discontinued models.

Speak to any of the leading elec-

tronic manufacturers—and they'll tell you that the production flexibility resulting from airfreight more than compensates for slightly higher shipping charges. For further information on what American Airfreight can do to improve your business, wire us *collect*—and we'll have a representative in your office promptly. American Airlines, Cargo Sales Division, 100 Park Ave., New York 17, N. Y.



AMERICAN AIRLINES INC.

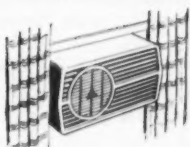
America's Leading Airline



FASTEST THING IN FASTENINGS®



SPEED NUTS® give new Room Air Conditioner "Cool" 82% Assembly Savings!

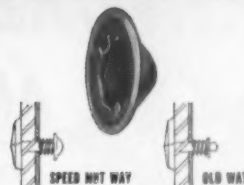


Fedders-Quigan Corporation, Buffalo, plans
Tinnerman SPEED NUT savings in design stages

• The results of this fastening engineering greatly reduced assembly costs—brought substantial production increases! Fedders engineers are now using 35 Tinnerman SPEED NUT brand fasteners per unit . . . an increase of 200 percent in the new models, a tribute to SPEED NUT success! Typical of the savings achieved by Fedders is the 82% reduction in the cost of attaching the Comfort Circle grille with a Cap-Type SPEED NUT.

Looking for ways to convert fastening problems into savings? SPEED NUTS will help! These high quality, spring steel fasteners are light weight, vibration-proof and self-retaining; eliminate welding, staking, riveting; can be used over welded studs; do away with threaded inserts. These are a few of the SPEED NUT advantages that will annually save thousands of production dollars for Fedders-Quigan!

See your Tinnerman representative for full information on our free, cost-saving Fastening Analysis service.



Cap-Type Push-On SPEED NUTS

Formerly a special clevis pin and lock washer were required to retain the spring coil and Comfort Circle grille as illustrated above. Now, Cap-Type Push-On SPEED NUTS press on by hand in one operation, lock with vibration-proof bite . . . for a big 82% savings!

Send for your copy of SPEED NUT "Savings Stories", an interesting booklet of Tinnerman savings to industry, write: TINNERMAN PRODUCTS, INC., Box 6888, Dept. 12, Cleveland 1, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton, Ont. In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales. In France: Aerocessoires Simmonds, S.A.—7 rue Henri Barbusse, Levallois (Seine).



TINNERMAN

Speed Nuts®



MORE THAN 8000 SHAPES AND SIZES

If You Make Shop Tools...



FOR 50 YEARS
Wiremaker for Industry

To You, Belden's Golden Anniversary Means

—product performance that can come only from a "know-how" that has grown through actual service since the early days of the electrical industry.

—an ability to co-operate in pioneering new wires to meet or anticipate industry's growing needs.

In the years that follow

This Belden Program Is

—TO BE

CONTINUED

.....WIRE WITH Belden AND CUT COSTS

CUT COSTS—Start with the right wire—a wire engineered for the shop tools you produce.

CUT COSTS—In lower assembly costs—in less production line waste and fewer rejections upon inspection. It pays by reducing customer complaints—cutting comebacks for repairs. To "Wire right" is low-cost customer good-will insurance.

CUT COSTS—Specify Belden.

Belden Manufacturing Co.
4689-A W. Van Buren St.
Chicago, Illinois

Plus Protection
in Belden
Power Supply
Cords

Belden

WIREMAKER FOR INDUSTRY

READERS REPORT

Democrats Groom for '56

Dear Sir:

Re the line "... few Democrats question his [Stevenson's] place as the party's Presidential candidate in 1956" [in the story Eying the Republican Record (BW—Jun.20'53,p29)].

Quite a few Democrats question whether Stevenson will be able to win the party unity that will be necessary for victory in 1956. I suspect that someone more acceptable to both factions of the party like, say, Stuart Symington, will take the nomination.

ALBERT A. ROSENFELD

MANAGEMENT ANALYST
KENSINGTON, MD.

Paying Off for Safety

Dear Sir:

Last night the writer had a meeting with a small group of boys that just graduated from Jasper High School. I made them a proposition that if they would get an organization formed whereby all children from 16 to 18 years would fall in one group (that would be junior and senior high school age) and from 18 to 20 (approximately two years after graduation) whereby they would stress safety in driving, I would sponsor the winner of each group on a two weeks' conducted tour to the Southwest, Los Angeles, San Francisco, Vancouver, Lake Louise, and Banff, as a prize to the one who has the best safety record.

In your June issue of the 27th (page 151) you have an entire page devoted to what I think is probably the most down-to-earth conditions which drivers should observe in order to save their own lives as well as others. I would like to mimeograph that page verbatim and distribute it to the organizers of this club, and would therefore like to have your permission for same.

C. U. GRAMELSPACHER

MANAGER
JASPER WOOD PRODUCTS CO., INC.
JASPER, IND.

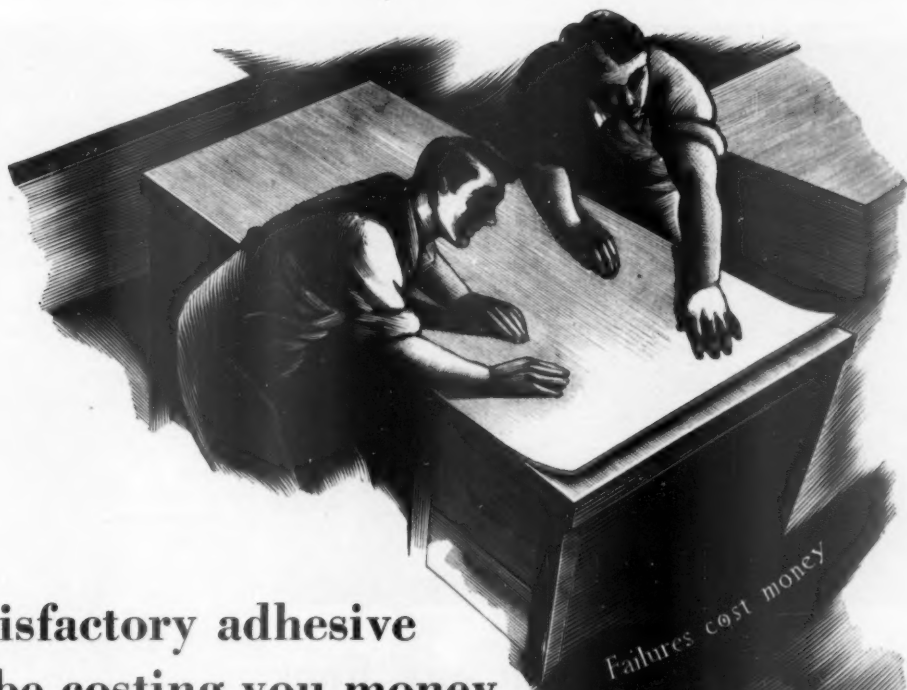
• Permission granted.

A Fad Becomes Realistic

Dear Sir:

Your article of July 11 (page 96) on business use of three-dimensional promotion tells about two interesting movie projects, both still in the works.

For the record, we should like to point out that the first 3-D business movie to be shown anywhere has made its debut several months ago and has been seen by thousands. Stone Con-



A satisfactory adhesive may be costing you money

If some bond failures and customer complaints are regarded as normal in your business, you may be able to prevent them for less than they're now costing you in trouble and ill will.

Some newer, only slightly more expensive adhesive probably can reduce your bond failures to zero and cut costs at the same time. In fact, savings may be possible even if your bonding requirements appear to be so simple that looking for an improved adhesive seems hardly necessary or worth while.

Take metal desks, for example. For years, manufacturers felt that the annual cost of replacing a certain number of loose linoleum tops was more or less inevitable. Today, they completely eliminate this expense by using Armstrong's D-253 Adhesive. In another case, a plant making floor panels for station wagons cut rejects from 10% to zero, also with D-253.

If reducing or eliminating bond failures could cut your costs, why not call us now? We may be able to help you, too. Armstrong Cork Company, Industrial Adhesives Dept., 8008 Indian Road, Lancaster, Pa. These adhesives are available for export.

ARMSTRONG'S
ADHESIVES • COATINGS • SEALERS
by the makers of Armstrong's Linoleum





"Borrowed Climate" from one floor cuts cost on another

Another problem solved with Trane air conditioning products

NOXIOUS fumes and gasses in this chemical laboratory meant that the room had to have a constant, complete change of air!

A prominent midwest company wanted to include this "air-hungry" lab in their plans for year-around air conditioning. But they reasoned it would be too expensive, since none of the room air could be recirculated as in a normal installation.

Was there a solution? Yes . . . and an economical one!

The entire second floor office section of the building was to be air conditioned. Some of the air in this section would have to be continuously discharged to make room for incoming ventilation air. Why not direct this perfectly good air—already "conditioned"—down through

the first floor laboratory room before it was discharged to the outside?

No reason at all! Now, lab workers enjoy increased comfort, increased efficiency—all the benefits of year-around air conditioning—but without unnecessarily high equipment and operating expense.

There were other economies too. In fact, a total of five money-saving "double-uses" were incorporated into this unique installation. These special features were both practical and economical to install because engineers knew they could get all of the special types and sizes of equipment needed from one manufacturer—TRANE!

One source—one responsibility—for all equipment is an important money-saving "plus" in any air conditioning, heating or ventilating job. Make sure you get it! Talk to the TRANE Sales Engineer in your city. In the meantime, write for a free copy of the booklet, "Temperatures by TRANE." You'll find it interesting and informative. The Trane Company, La Crosse, Wis., East. Mfg. Div., Scranton, Penn., Trane Co. of Canada, Ltd., Toronto. 87 U. S. and 14 Canadian Offices.



Save valuable space! Compact, completely versatile, the TRANE Climate Changer provides the exact answer for your need. Install it inside or outside the air conditioned area, singly or in groups, free-standing or ceiling hung, as summer cooler or year-around air conditioner.

TRANE

**manufacturing engineers of
air conditioning, heating
and ventilating equipment**

tainer Corp. introduced this pioneer 3-D movie, filmed in color, and replete with sound, at the National Packaging Exposition in Chicago on Apr. 20 to 23, and has shown it to business groups in several cities since.

Produced by Academy Film Productions of Chicago, the movie tours our Chicago plant and is named "Packaging the Third Dimension." The movie shows how corrugated boxes are made with "three dimensions of packaging"—sales-stimulating color, product protection and careful quality control.

In view of the affirmative reception which this movie gained from our customers, suppliers, and business affiliates, we decided also to make a 3-D movie for employee orientation. This has been shown in our various plants, and although only 10 minutes in length, has been extremely well received by all of our people.

We thought that in view of your article, you would like to have these salient facts on "first in 3-D."

JEROME H. STONE

STONE CONTAINER CORP.
CHICAGO, ILL.

It's the Heat

Dear Sir:

On page 139 of BUSINESS WEEK for July 11, you say "Don't authorize an investigation effecting your marital affairs without the advice of your attorney. . . ." Shouldn't the word be "affecting"? . . .

W. C. McCANSE

TURNERS INC.
SPRINGFIELD, MO.

• Yes.

The Thinkers

Dear Sir:

As the daughter of an old time oil man, I was pleased to see an article dealing with oil methods in BUSINESS WEEK [BW—Jun. 27 '53, p104]. You slight that industry in favor of the older, stodgier members of American business that dwell in the North, you know!

One thing puzzles me. The caption under the picture at the top of page 105 mentions that the new semi-automatic rig saves the crew's energy for more important jobs. Such as what?

I thought the crew was hired to drill for oil, and that was its most important job. Doesn't the new rig save the oilman's money that might go to hire more crew? I don't think it saves the crew's time for such deeds as gazing upward (two men in the picture are doing that for the one man working the buttons).

MARY ANN BENNETT

• New rigs do save oilman's money by



Are you leaving things up in the air?

This is about an airline that planted its feet on the ground to bring an accounting problem down to earth.

With a complex pattern of flights throughout California, ticket control was a topflight headache for California Central Airlines. An intra-state scheduled carrier, it operates flights nearly every hour from Los Angeles north to San Francisco and south to San Diego, not to mention a whole network of other routes.

California Central's tickets, priced when printed, are sold by hundreds of travel agencies as well as at the com-

pany's own ticket counters and reservations offices. Keeping tabs on the tickets was a problem until McBee Key-sort came along.

Now each ticket is a three-part Key-sort form, pre-punched with the selling agent's number and the ticket number. Keysort provides an effective means of sorting the tickets by agent number and then into sequence for any sales or traffic report required.

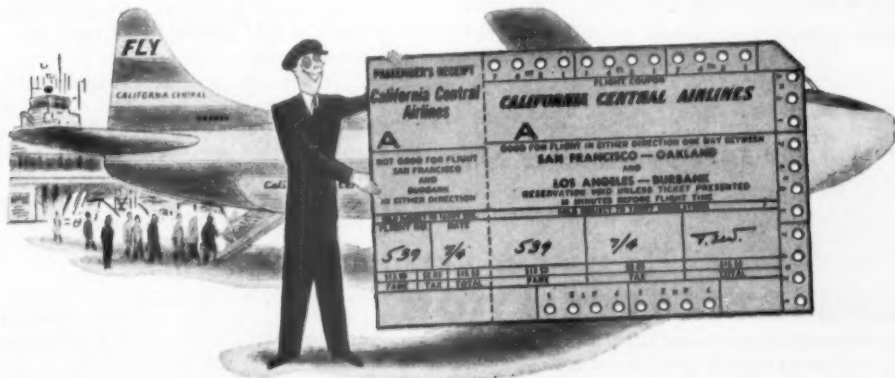
With closer, more accurate controls, California Central is today able to determine quickly and easily its revenues from: current operations and those re-

served for future liabilities.

Management in almost every kind of business is using McBee methods to pilot its course with less work, in less time, for less money. Keysort, McBee's most widely used method, gives management prompt position reports without costly machine installations or specially trained personnel.

McBee sales, as a result, have gone sky high — ten times what they were a few short years ago.

There's a trained McBee representative near you. Ask him how McBee can help you. Or write us.



THE McBEE COMPANY

Sole Manufacturer of Keysort—
The Marginally Punched Card
295 Madison Ave., New York 17.



Offices in principal cities.
The McBee Company, Limited,
11 Bermondsey Road, Toronto 13



Are you buying a **SAFE** road?

Buying a road at a gas station? Sure! The taxes you pay on each gallon of gas (as well as your license fees) pay for building and maintaining roads and streets.

Since this is your money, you have a right to the safest pavement for your investment. That's concrete!

Unlike dark pavements, which absorb light, concrete's light surface reflects light, giving you better night driving visibility. *Remember, if you can't see, you can't be safe!*

When you must stop fast, you can on concrete. Its gritty surface grips your tires firmly, permitting quick, safe stops without skidding, even in wet weather.

Rigid portland cement concrete pavement retains its even surface throughout a lifetime of service. It stays free from hazardous ruts, washboard wrinkles and ravelled edges.

When you buy gas, you're also buying tomorrow's roads and streets. Get the most for your money. Insist on safe concrete.



*the **SAFE** pavement is concrete*

PORTLAND CEMENT ASSOCIATION

33 W. Grand Ave. } A national organization to improve and extend the uses of portland cement
Chicago 10, Ill. } and concrete through scientific research and engineering field work

doing the job faster. They also give crew members an easier time by taking some of the muscle work out of drilling.

Lost in a Big State

Dear Sir:

In your June 20 issue (page 192) under Company Briefs, you stated that "Lone Star Steel Co. drew its first batch of steel last week at a new, highly mechanized plant in Daingerfield, Tex." The Lone Star Steel plant is not located in Daingerfield, Tex. This steel plant is located in Lone Star, Tex. The City of Lone Star, so named after the Lone Star Steel plant, is some eight miles from Daingerfield, Tex.

Southwestern Gas & Electric Co., the company with whom I am employed, has a new power plant being constructed at the Lone Star Steel plant, which will be named Lone Star Power Plant. A 40,000 kw. General Electric unit is to be installed to furnish power for the New Lone Star Steel plant. This plant will go into operation some time in February of next year.

DALLAS H. WILSON

LONGVIEW, TEX.

• In its directory of iron and steel works, the American Iron & Steel Institute gives the company's address at Dallas and the works at Daingerfield.

Both Equal

Dear Sir:

Alexander Pope, in his "Essays on Criticism" said, "To err is human, to forgive divine."

With considerable sheepishness, I must appeal to the generosity of the editors of BUSINESS WEEK in the hope that such generosity will ease the pain of an error on my part. In the June 27 issue of BUSINESS WEEK (page 112) appeared a short article in which we were quoted as saying that iron ore from one country was superior to the ore from some other country. Discussions on this topic revealed that this conclusion was strictly erratum. Steel men declared that both ores were of equal quality. So, with appropriate humility, may I strike from the record claims of superiority of one country's ore over that of another.

If the editors of BUSINESS WEEK will see fit to publicly print this note, I will certainly publicly forgive them for assuming that we operate open hearth furnaces, which we do not.

ROBERT A. WAGNER

MANAGER OF PUBLIC RELATIONS
THE TIMKEN ROLLER BEARING CO.
CANTON, OHIO

• Timken operates electric furnaces, with an annual capacity of 625,200 tons as of Jan. 1, 1953.

Why **LINDE OXYGEN ...plus LINDE SERVICE***

are your assurance of

- **EFFICIENCY**
- **ECONOMY**
- **DEPENDABILITY**



• **82 HOURS OF CAPACITY OPERATION
FOR A LARGE STEEL PLANT!**

DRIOX liquid oxygen storage units such as this hold as much as 12,250 oxygen cylinders—enough for 82 hours of capacity operation of a large steel plant.

DEPENDABLE OXYGEN SUPPLY

LINDE's many plants are strategically located to assure dependable supply to meet every need. There can be no oxygen shortage or delay due to failure of a single plant.

LINDE's DRIOX and CASCADE Oxygen Systems have no fixed capacities. Even under widely fluctuating demands, your supply is determined by your needs. You pay only for what you use.

If your company uses oxygen, LINDE SERVICE can mean dollar savings to you. Let us tell you more about it.

LINDE AIR PRODUCTS COMPANY

A Division of UNION CARBIDE AND CARBON CORPORATION

30 East 42nd Street  New York 17, N. Y.

Offices in Principal Cities

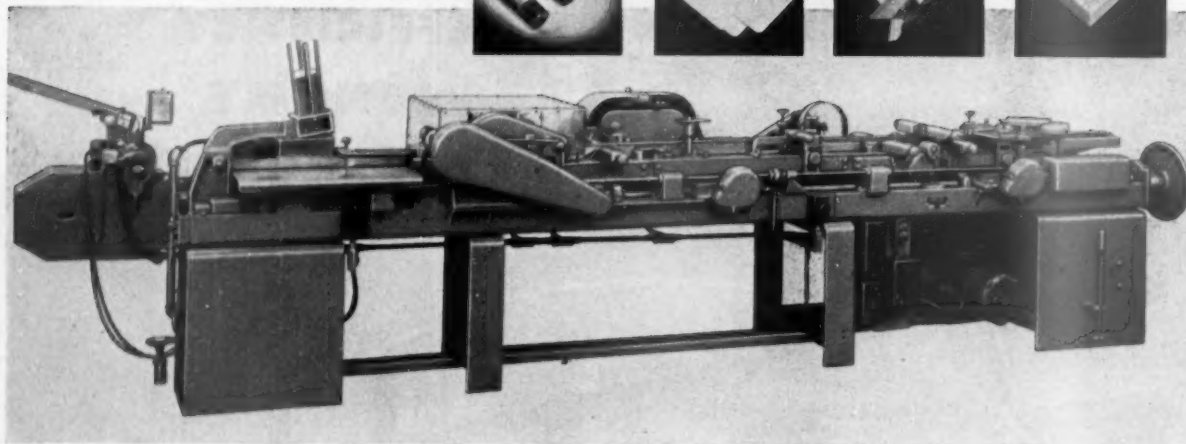
In Canada: Dominion Oxygen Company, Limited, Toronto.

*** LINDE SERVICE**

LINDE SERVICE is the unique combination of research, engineering, and over 40 years of accumulated know-how that is helping LINDE customers save money and improve production in their uses of oxygen and oxy-acetylene processes.



CARTONING AT PRODUCTION LINE RATES is accomplished on Standard-Knapp 180-A Cartoner, which receives the product, sets up the unit carton, inserts the product and then tucks in carton flaps.



EMHART UNITS PROVE FERTILE SOURCE OF NEW IDEAS

In Metalworking, Packaging, Glass and Plastics



PERFECT PACKAGE FOR SELF-SERVICE is Plaxpak® plastic bottle. Color and style versatility for positive brand identification . . . unbreakability . . . squeeze dispensing to suit product, increase consumer convenience (without propellants).

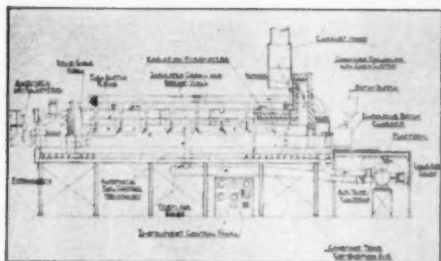
Ever believe that a punch press could be equipped to produce hearing aid batteries, or that you could literally get an assembly operation for nothing?

Ever realize that a product can be taken off a production line, placed in a unit carton, then encased and delivered to a shipping platform without a hand touching it? And have you considered the plastic bottle, which besides chemical inertness, provides built-in dispensing, requiring no propellant?

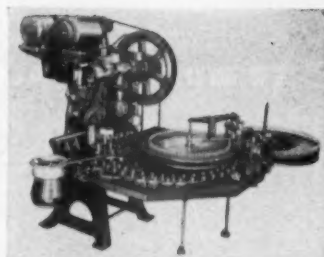
Did you know there is available an automatic, controlled, continuous glass-melting furnace that achieves new economies? It may be used also for melting of soluble silicates, phosphates and enamel frits.

These questions indicate the "idea service" behind the products manufactured by Emhart units. And we are not talking about "specials", but about standard machines and methods that are industry-proven. They can be put to work for you quickly.

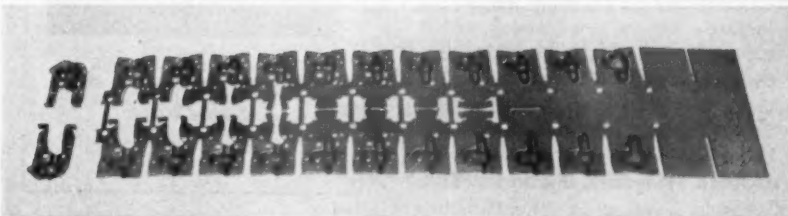
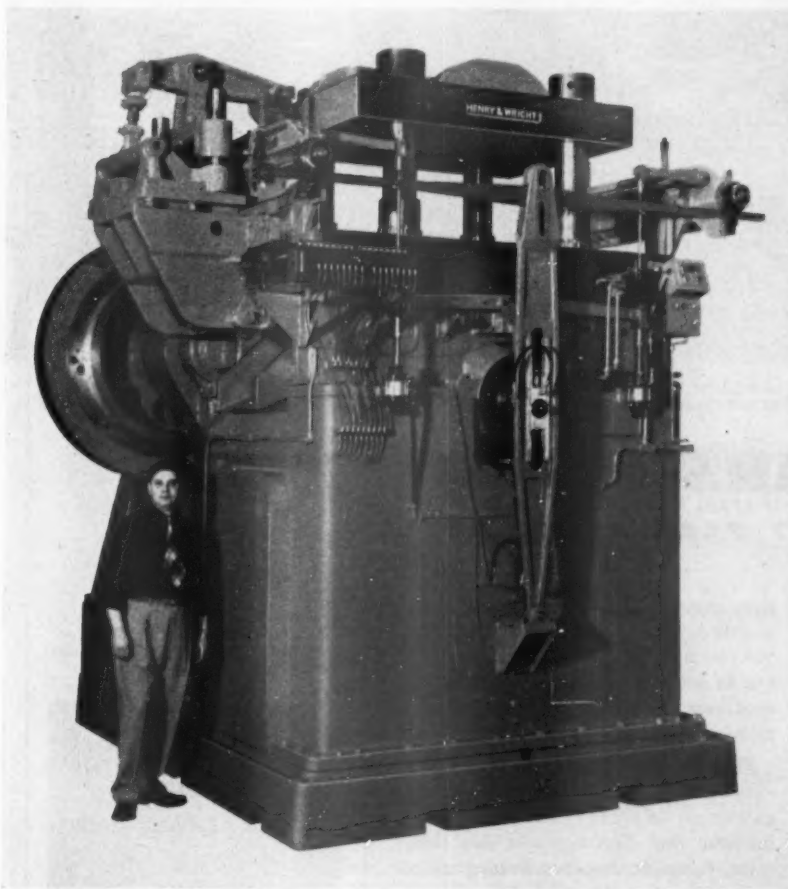
EMHART MFG. CO.



UNIT MELTER designed by Hartford-Empire features low initial cost, low operating and maintenance costs, adaptability to different glasses and compositions.



MORE VERSATILE PRESSES. V&O Press Company specializes in equipping presses that will combine operations or produce a complete product.



ECONOMICAL METAL STAMPINGS REPLACE DIE CASTINGS, as a result of availability of heavy tonnage Henry & Wright Dicing Machines (high speed automatic stamping presses).

Only the best is good enough

NEW LITERATURE

Check any product information you want and mail this coupon to any Emhart unit listed below. . .



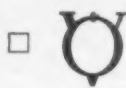
HENRY & WRIGHT
Division of
Emhart Mfg. Co.
510 Windsor Street
HARTFORD 5, CONN.



PLAX CORPORATION
Subsidiary of
Emhart Mfg. Co.
WEST HARTFORD, CONN.



HARTFORD-EMPIRE CO.
Division of
Emhart Mfg. Co.
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THE V & O PRESS CO.
Division of
Emhart Mfg. Co.
400 Union Turnpike
HUDSON, NEW YORK



STANDARD-KNAPP
Division of
Emhart Mfg. Co.
PORTLAND, CONN.

GENERAL

- ☐ Pictorial Review of Major Emhart Products

GLASS

- ☐ Batch Chargers ☐ Forming Machines
☐ Feeders ☐ Lehr Loaders
☐ Lehrs ☐ Unit Melters

PLASTICS

- ☐ Plastic Bottles ☐ Extrusions
☐ Carboy Data Sheet

PACKAGING MACHINES

- ☐ Unloaders ☐ Packers
☐ Rinsers ☐ Labelers
☐ Cartoners ☐ Case Cleaners
☐ Gluers & Sealers ☐ Palletizers & De-palletizers

METAL WORKING

- ☐ Henry & Wright Dieing Machines
☐ Henry & Wright "Press Load Calculations"
☐ Henry & Wright Case Histories
☐ V & O Inclinable Presses
☐ V & O High Speed Presses
☐ V & O Notching Presses
☐ V & O Roll and Dial Feeds
☐ V & O Feed-O-Matic

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY & STATE _____



These huge natural gas engines, about 40 to a room, drive the generators, furnishing all the electricity used by Alcoa to produce 170,000,000 pounds of aluminum in this plant yearly.

800 BOXCARS OF AIR KEEP GENERATORS AT PEAK EFFICIENCY

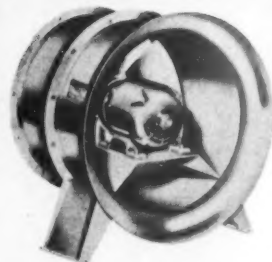
Down at Point Comfort, Texas, a new kind of power plant was built a few years ago. 120 engines, running on natural gas, drive huge electric generators. Their job: to supply the current to smelt defense-needed aluminum. One of the biggest problems, though, was to keep the equipment running cool and thus at top efficiency.

120 Westinghouse Axiflo® fans did the trick. Each draws 12,000 cubic feet of air through the generators every minute, picking up the excess heat. Then the air is piped through concrete ducts and out exhaust stacks which line both sides of the building.

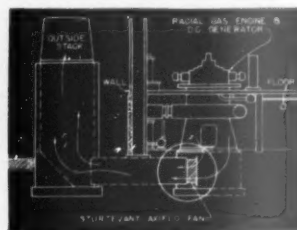
Now Alcoa has just expanded this power plant. They have installed 74

new engines—and Westinghouse has supplied 74 more Axiflos. All in all, the 194 fans will move over 2,300,000 cubic feet of cooling air through the generators every minute. That's enough air to fill a trainload of 800 boxcars!

One day—today or in the near future—you may have a problem that involves putting air to work. When you do, remember that Westinghouse has the most complete air conditioning, air cleaning and air handling line in the industry. See the new Catalog 600. It contains 60 fact-filled pages on products, uses, and helpful data. To get your free copy, just call your local Westinghouse-Sturtevant office. Or, write to Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Mass.



Axiflo Fans keep them cool. They're compact, efficient, and trouble-free. That's important for hard-to-get-at jobs.



Cooling-air drawn through the engine generators picks up the intense heat, then safely exhausts it through individual stacks.

YOU CAN BE SURE...IF IT'S **Westinghouse**

J80281

AIR HANDLING

BUSINESS OUTLOOK

BUSINESS WEEK

AUG. 1, 1953

A BUSINESS WEEK

SERVICE

This week's cease-fire, so long hoped for, carries business past another milestone.

Everyone has been planning for this. As a result, the siren song that it means no change should beguile but few (page 37).

The changes won't be sudden, but they'll be real all the same.

Our defense effort now can be eased—to just the degree that international affairs have improved. Making war materials, needless to say, is economic waste. Then, too, there's a budget to balance.

Yet this is no time to trifle with national security.

Today's danger may be that too many people (including European allies) will read too much "peace" into a very limited victory.

If it takes two years to hammer out a cease-fire, how long then will it take to fashion a peace in Korea?

If the Reds demand no less than the return of Formosa to China and a U.N. seat for Peking, what then of peace?

If our minimum terms include unification and free elections for all Korea, how can we be sure we have heard the last shot?

One major change will come right away: A patrolling army doesn't need so much stuff as a shooting army.

That means some cut in defense spending—for textiles and food, as well as for ammunition—even if some of the stuff is diverted at once to Indo-China, and even if additions are made to our reserves.

Later on, spending will be tailored to Russia's milder attitude.

Whatever the exact cutback or stretchout in military programs, it is a sure bet that we are past peak effort.

Plant capacity has been expanded, inventories have been amassed, and emergency requirements of arms have been turned out. None of these now is a dynamic factor in the economy.

Government spending, if anything, is receding as a business factor. Any upthrust now must come from the civilian sector.

When you look at the consumer market, you can't help but marvel at the level of retail sales (BW-Jul.25'53,p18).

Yet when you look at production, you still must wonder if even this level of consumer spending is moving all the goods being made.

Moreover, when you look at industry as a consumer, you are likely to sense that its outlays may be nearing a turn.

Autos unquestionably have been among the strongest props under this year's consumer boom. Yet quite a few cars have been turned out that haven't been sold (BW-Jul.18'53,p18).

Inventories are beyond dealers' "normal" floor-model needs in some cases.

Manufacturers' recent efforts to boost appliance prices wouldn't

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

AUG. 1, 1953

indicate any excess inventory in these lines. Output, though well above last year's somewhat depressed levels, still is substantially below the buying spree peaks of 1950-51.

Price competition at retail, however, tells a different story.

The year's results, though, hinge on building. What is needed most to move appliances and home furnishings undoubtedly is some improvement in the good—but not spectacular—rate of home building.

Despite record outlays for construction generally, the lumber industry wouldn't mind some sales pickup.

The production rate has been fine—but it has outrun shipments with a resultant increase in mill stocks.

And cuts to a four-day week are spreading in plywood.

Buying of farm machinery (whether you regard this as a consumer market or as the capital equipment of agricultural production) is developing more and more signs of sluggishness.

You could see it this week in International Harvester's cut in tractor output and Minneapolis-Moline's plans to shut a hay-baler plant.

Over-all, farm machinery showed a drop of 12% last year, and lower farm income this year contributes to present market contraction.

Some of the farm equipment manufacturers apparently expect earnings to fall off from postwar peak levels. At least, Deere & Co. will pay an October dividend of 50¢ a share instead of last year's 75¢.

Slackening business in farm implements and in the truck industry finds reflection in the business of Timken Roller Bearing.

The company announces that 300 workers will be laid off at its Columbus (Ohio) plant, bringing to 600 the number of employees furloughed recently. This leaves Timken's employment around 17,500.

Machine tool builders have pushed their production to such a high level that some reduction may be necessary before too long.

The industry's rate of shipments never has been so high except for a brief period during World War II. New orders, though ahead of the late months of 1952, are well below the 1951 average.

Unfilled orders now amount to only a little over seven months' output at the rate the industry has demonstrated it can produce.

Two years ago, the backlog was 21 months—but at a production rate less than half that of today.

Note to wheat farmers: The National Fertilizer Assn. suggests the way to stay out of the red, if government acreage quotas cut plantings 21%, is to use more fertilizer.

The implication is more wheat per acre, hardly a cure for surpluses.

So you don't know who's doing all the saving you read about?

Well, here's one answer. Mutual savings banks added \$1-billion to deposits in the first half of 1953, a 15% larger gain than a year ago.

Contents copyrighted under the general copyright on the Aug. 1, 1953, issue—Business Week, 230 W. 42nd St., New York, N. Y.

How buying one hole saves drilling two holes

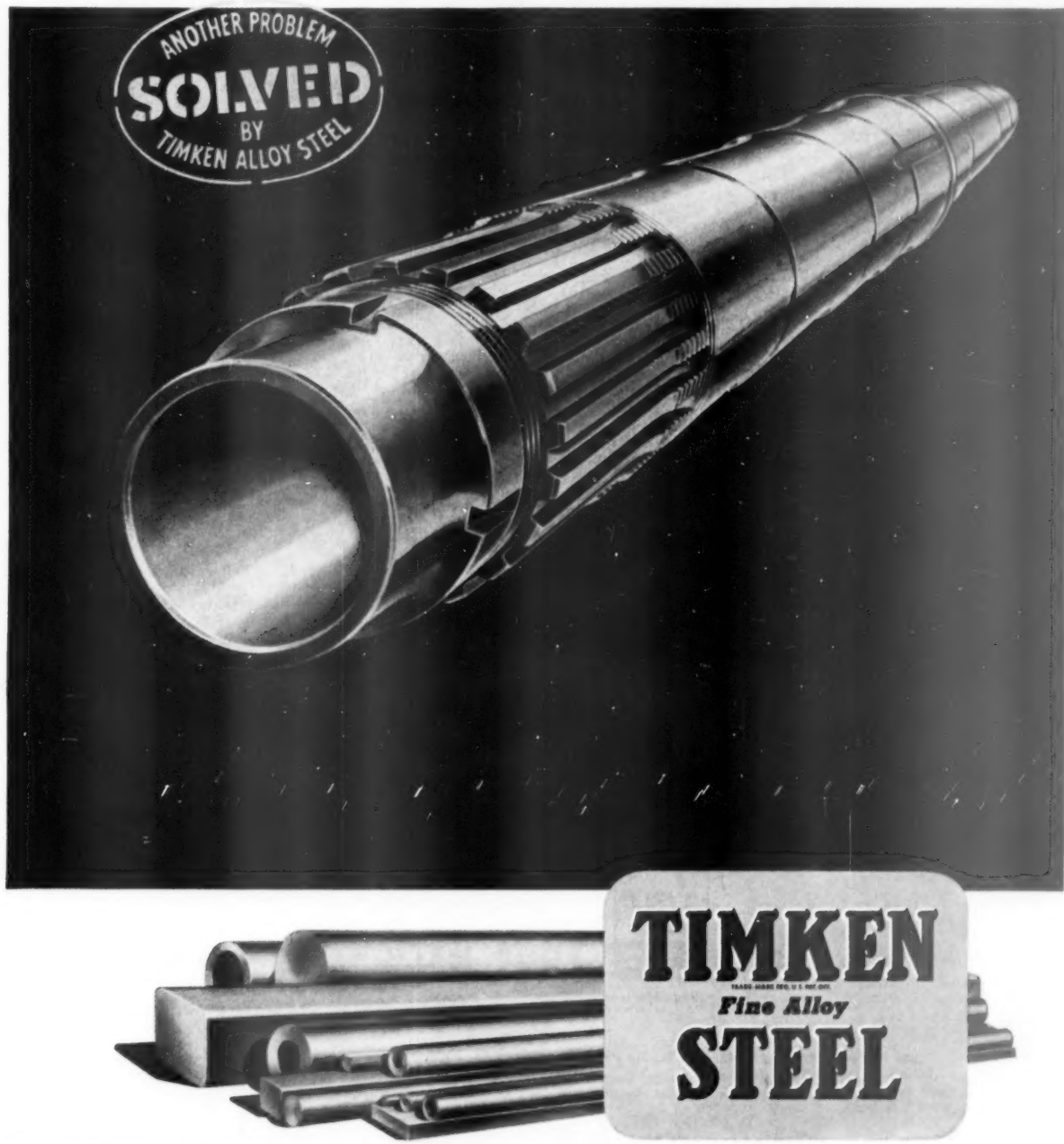
MAKING rear axle truck spindles proved expensive for the manufacturer. To get the center hole, he had to drill bar stock halfway through, turn it around, drill from the other end. The two holes were hard to line up. Tool costs and scrap loss were high.

He took his problem to metallurgists of The Timken Roller Bearing Company. As specialists in fine alloy steel and seam-

less tubing, we recommended Timken seamless tubing of a certain analysis. The advice paid off.

With Timken seamless tubing, the center hole is already there! No need to bore it out. The manufacturer greatly reduced his tool costs, saved a lot of steel. And he found the new steel tubes uniform in size, uniform in response to heat treatment. Rejections hit new minimums!

This is only one of hundreds of tough steel problems "Solved—by Timken Alloy Steel". It's a record unmatched by any other steel producer. For help with *your* steel problems, write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.

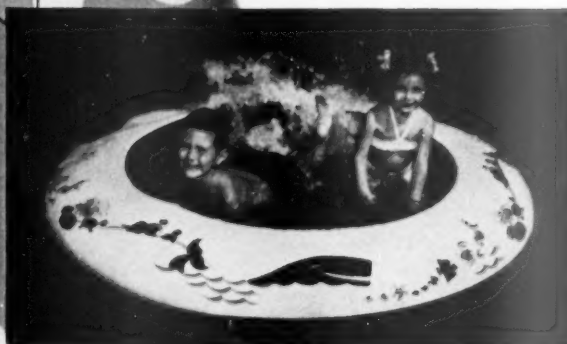
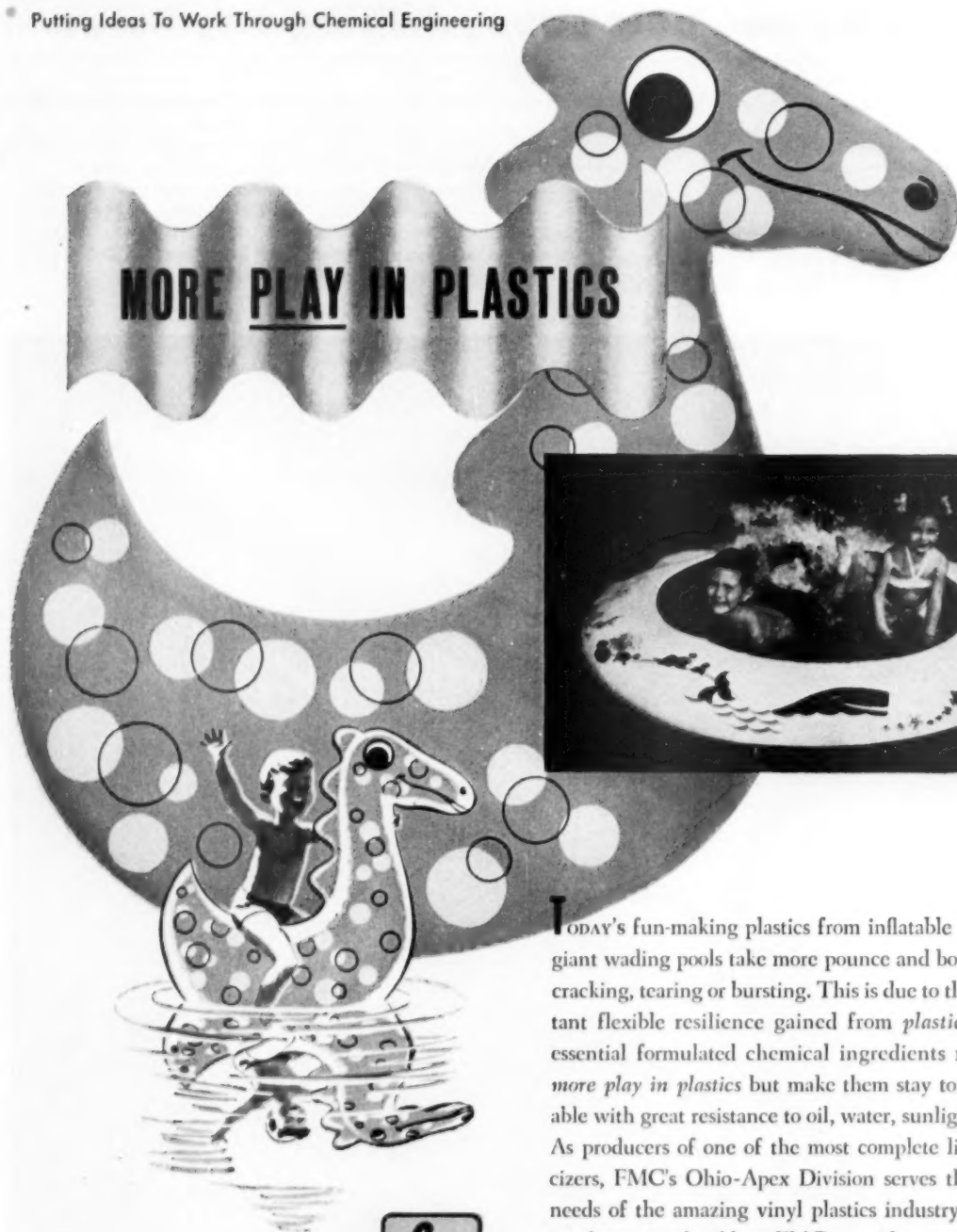


COPR. 1953 THE TIMKEN ROLLER BEARING COMPANY

SPECIALISTS IN FINE ALLOY STEELS, GRAPHITIC TOOL STEELS AND SEAMLESS TUBING

Putting Ideas To Work Through Chemical Engineering

MORE PLAY IN PLASTICS



TODAY's fun-making plastics from inflatable beach toys to giant wading pools take more pounce and bounce without cracking, tearing or bursting. This is due to their all-important flexible resilience gained from *plasticizers*. These essential formulated chemical ingredients not only put *more play in plastics* but make them stay tough and durable with great resistance to oil, water, sunlight and aging. As producers of one of the most complete lines of plasticizers, FMC's Ohio-Apex Division serves the diversified needs of the amazing vinyl plastics industry. This is but another example of how FMC *puts ideas to work* through chemical engineering.

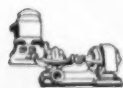


Trade Mark

FOOD MACHINERY AND CHEMICAL CORPORATION

EXECUTIVE OFFICES: SAN JOSE 6, CALIFORNIA

DIVISIONS: Bolens Products • Canning Machinery • Florida • John Bean • Mechanical Foundries • Niagara Chemical • Ohio-Apex • Packing Equipment Peerless Pump • Westvaco Chemical • Buffalo Electro-Chemical Co. • **SUBSIDIARIES:** Mowamatic Corp. • Propulsion Engine Corp. • Simplex Packaging Machinery • Sanith Industries • Stokes & Smith Co. • Oakes Manufacturing Co. • Kingsbury & Davis Machine Co. • Milwaukee Equipment Manufacturing Co.



PEERLESS PUMPS & WATER SYSTEMS



JOHN BEAN AGRICULTURAL EQUIPMENT



FMC CANNING EQUIPMENT



SIMPLEX PACKAGING EQUIPMENT

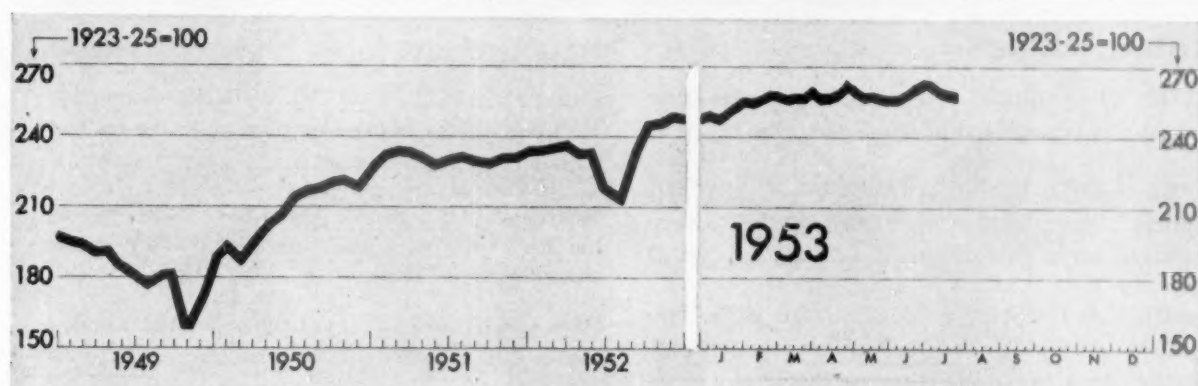


FMC CITRUS PROCESSING EQUIPMENT



WESTVACO INDUSTRIAL CHEMICALS

FIGURES OF THE WEEK



Business Week Index (above)

\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
*259.0	†258.8	264.2	218.0	173.1

PRODUCTION

Steel ingot production (thousands of tons).....	2,180	†2,128	2,069	891	1,281
Production of automobiles and trucks.....	173,721	†175,555	173,702	42,514	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$43,774	\$41,979	\$56,625	\$86,971	\$17,083
Electric power output (millions of kilowatt-hours).....	8,460	8,209	8,446	7,328	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,569	6,551	6,484	6,071	4,751
Bituminous coal production (daily average, thousands of tons).....	1,533	†1,329	1,637	1,104	1,745

TRADE

Carloadings: manufactures, misc., and L.c.l. (daily av., thousands of cars).....	72	75	76	61	82
Carloadings: all other (daily av., thousands of cars).....	60	60	59	40	53
Department store sales (change from same week of preceding year).....	+2%	+11%	+13%	+1%	+30%
Business failures (Dun and Bradstreet, number).....	184	148	195	137	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	425.2	426.5	417.5	441.6	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100).....	86.2	85.9	86.6	97.3	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100).....	91.2	92.0	86.9	95.0	††75.4
Finished steel, index (U. S. BLS, 1947-49 = 100).....	141.8	141.8	141.0	124.4	††76.4
Scrap steel composite (Iron Age, ton).....	\$44.92	\$44.83	\$43.50	**\$40.75	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.).....	29.980¢	29.975¢	29.990¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.17	\$2.07	\$2.04	\$2.28	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	33.31¢	33.43¢	33.17¢	39.41¢	30.56¢
Wool tops (Boston, lb.).....	\$2.12	\$2.12	\$2.12	\$2.10	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	192.0	192.3	192.0	200.5	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.86%	3.86%	3.88%	3.50%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½%	2½%	2½%	2½-2½%	2-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	53,315	52,643	53,454	53,166	††45,820
Total loans and investments, reporting member banks.....	79,992	80,048	76,065	77,149	††72,036
Commercial and agricultural loans, reporting member banks.....	22,671	22,651	22,797	20,799	††9,299
U. S. gov't guaranteed obligations held, reporting member banks.....	32,911	33,326	29,211	33,719	††49,879
Total federal reserve credit outstanding.....	26,265	25,923	25,776	24,674	23,883

MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Average weekly earnings in manufacturing..... June.....	\$72.04	\$71.63	\$66.83	\$43.82

* Preliminary, week ended July 25, 1953.
 ** Basing pt., less broker's fee.

† Revised.
 †† Estimate

‡ Date for "Latest Week" on each series on request.

in BUSINESS this WEEK...

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LENDERS ARE GETTING CHOOSY. On home mortgages, they're stiffening terms, although supply of money is ample.....p. 52

RASH OF SPLITS of companies' stocks continues despite the slackening of the bull market.....p. 60

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down too. Workers in three cities have found that out.....p. 88

C-OF-L: 4TH RISE IN A ROW. Cost-of-living figures in mid-June hit a record high.....p. 88

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SUGAR CANE WASTE MAKES GOOD READING. Bagasse is a cheap, plentiful source of newsprint.....p. 46

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AFL & CIO: RIPE FOR A RESHUFFLE? Both groups face potentially serious trouble from within. Key man: John L. Lewis.....p. 84

DECISIONS TAKE EFFECT FASTER. The NLRB has speeded up its hearing process.....p. 86

THE LABOR ANGLE: REACTION TO THE ARMISTICEp. 87

TRUCK TIEUPS mean plants shut

LOOK WHAT RUBBER PRODUCTS MADE WITH NEOPRENE ARE DOING



NEW RESILIENT PAD of tough neoprene sponge offers hunters new freedom from painful recoil jolts while shooting. Selling points include neoprene's flexibility despite extremes in temperature and its resistance to perspiration.



BETTER-LOOKING SAFETY SHOES are a reality today thanks to improved design and a rugged new soling material—cellular neoprene. Trim cellular neoprene soles give buoyant foot support, won't absorb water, and resist oil and grease.



NO REPLACEMENT NEEDED for neoprene curb pump hose despite 13 years of constant service! Made with a neoprene tube and cover, curb pump hose is proof of neoprene's resistance to aging and weathering as well as to gasoline and oil.



OTHER PROFITABLE NEOPRENE PRODUCTS—the result of imaginative thinking by executives—are fully explained in this free, illustrated booklet, "Design for Success with Neoprene." Be sure to send in the coupon below for your copy.

Neoprene's performance can give your products more sales appeal... reduce your operating costs

Whether you manufacture a product requiring a resilient material or buy rubber goods for use in your own plant, it will pay you to specify neoprene, Du Pont's chemical rubber. For neoprene's balanced combination of characteristics offers advantages everyone wants. In your product, neoprene's long service life is a powerful sales appeal. Or, in

the rubber goods you use in your own plant, neoprene will mean fewer replacements... lower maintenance costs.

Neoprene may be just what you need to improve your product or solve a maintenance problem. Just send in the coupon below for more information.

MAIL THIS COUPON FOR FREE BOOKLET!

NEOPRENE

The Rubber Made by Du Pont Since 1932



BETTER THINGS FOR BETTER LIVING... THROUGH CHEMISTRY

E. I. du Pont de Nemours & Co. (Inc.)
Rubber Chemicals Division BW-8, Wilmington 98, Delaware

Please send me your free booklet describing neoprene's properties and applications.

Name _____ Position _____

Firm _____

Address _____

City _____ State _____

The BRAIN ...

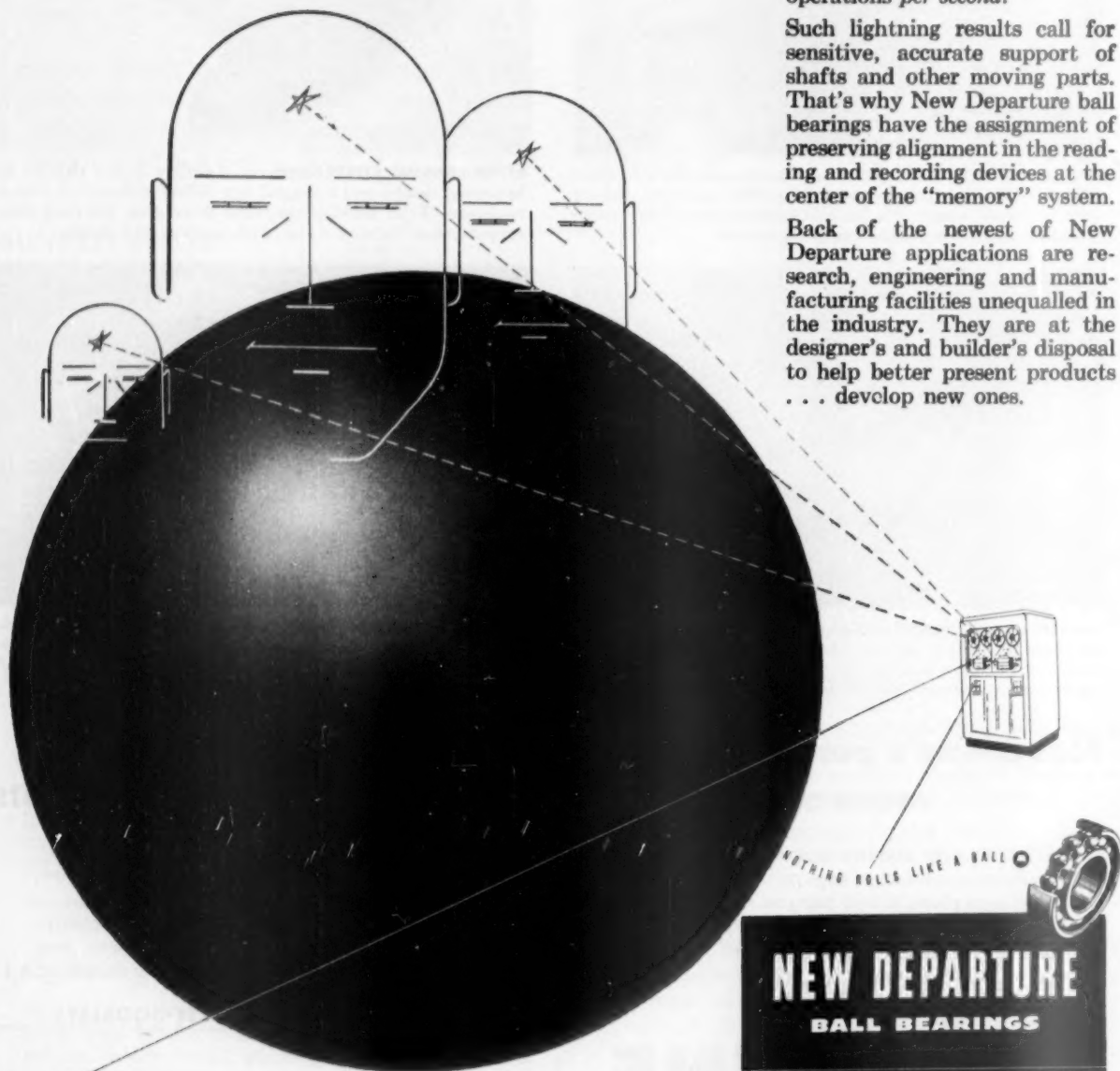
has an **ND** degree



One man, using a desk calculator, would work seven years on the problem this IBM "701" electronic computer solves in just a few minutes! In fact, this "brain" averages 14,000 mathematical operations per second!

Such lightning results call for sensitive, accurate support of shafts and other moving parts. That's why New Departure ball bearings have the assignment of preserving alignment in the reading and recording devices at the center of the "memory" system.

Back of the newest of New Departure applications are research, engineering and manufacturing facilities unequalled in the industry. They are at the designer's and builder's disposal to help better present products ... develop new ones.



NEW DEPARTURE BALL BEARINGS

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT
Also Makers of the Famous New Departure Master Brake



International Business Machines' new "701" electronic computer employs New Departure ball bearings for mounting the magnetic drum rotors, as well as the magnetic clutches of its tape readers and recorders. All units of the calculator are shown at left.

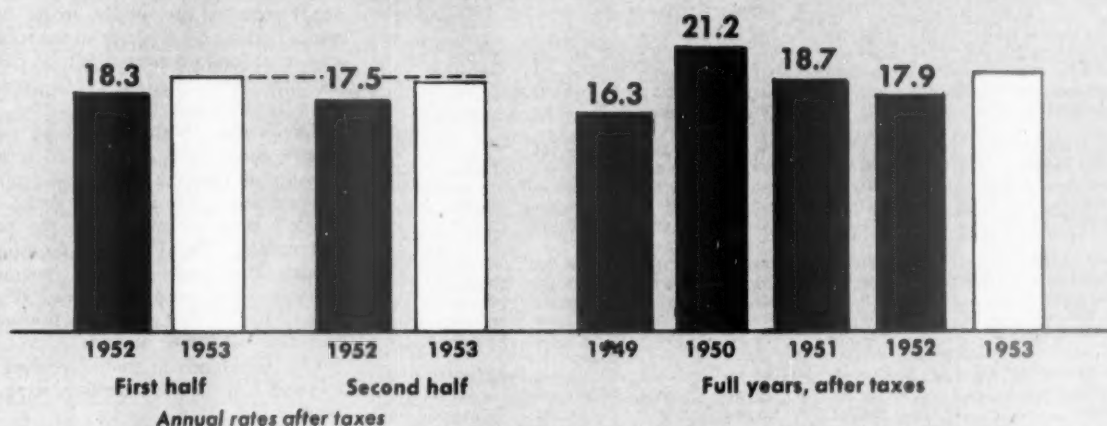
The Profit Picture

(billions of dollars)

 A terrific
first half ...

 ... and prospect
of only a
small second
half drop ...

... Promise ...



DATA: Dept. of Commerce

1953 figures, BUSINESS WEEK Estimate

1/BUSINESS WEEK

Best Year Since 1950

Business profits after taxes this year will be the best since 1950's record high.

Early reports from corporations on first-half sales and earnings indicate that profits after taxes ran about 8% ahead of the previous year. The second half won't be quite so good, but the slippage will be small. Together, the two halves will add up to the best profits showing business has made since 1950's \$21.2-billion net after taxes.

• **Fair Sample**—Overwhelmingly, these early-reporting companies show an increase in sales over the first half of 1952, most by substantial margins; nearly all carried these gains over into higher after-tax profits.

Of course, companies that have already reported make up only a small part of all business; there's little chance that the precise ratios they show will hold through the flood of reports still to come. Still, the pattern is plain

enough to leave few doubts as to how 1953 earnings will stack up when all the figures are in.

• **Wider Margins**—There's more good news in the reports than just the bare profits totals. In a sampling of companies that reported both sales and pretax profits, more than half had bettered their profit margin over a year ago. Pretax profits increased more, percentage-wise, than sales.

Many of these companies are reaping the benefit, in productivity, of the huge expansions in plant and equipment over the last few years. In addition, capacity operations are keeping overhead per unit down; and declining prices of many raw materials, coupled with stable or rising finished-goods prices, are doing their part toward widening the spread between cost and selling price.

• **Footnotes**—There are several things to remember in looking at first-half

profit reports—those already in and those still to come:

• **Primary steel producers** (such as U. S. Steel, Ailegheny Ludlum, Jones & Laughlin, Republic Steel) were laid low by a strike through June and July of last year. So, while it's true that steel companies are going full blast, the huge first-half gains chalked up by these companies are really gains over a five-month operating period in 1952. You'll get the same distortion in third-quarter and second-half steel statements.

• **The oil industry** also had its troubles in mid-1952—a refinery strike through May and half of June. In the light of this, oil company reports, some of which don't look too good anyhow, look even worse. For example, Phillips Petroleum Co. was involved in last year's strike, at least to some extent; yet Phillips' sales this year are only 7% ahead of last, and both pretax and

after-tax profits are a good deal lower. Profits of Standard Oil Co. (N. J.), largest oil company, also dipped slightly under last year. Shell Oil Co. and Gulf Oil Corp., on the other hand, show healthy gains.

• Fast writeoffs of defense facilities, offered by the government in its program for defense expansion, are, in effect, understating profits—and, of course, lowering taxes. This will continue to be an important part of the profits picture for a few more years to come. But new certificates of necessity, under the government's second look at defense goals, are likely to be harder to come by.

• **Industry Line-up**—Here's the picture so far by industry. Remember, though, that the returns, for most industries, are still far from complete:

Manufacturers of auto parts are doing very well. But the two auto companies whose reports were available at mid-week showed very different results. Studebaker Corp. was down 73% in net earnings from last year. General Motors Corp. was up 16% in earnings, up 41% in sales. Studebaker had a peck of trouble in the first half—first, with its model changeover, then with a supplier's strike. Although Studebaker's showing is not representative of the independents, they are expected, on the

whole, to fall behind General Motors and Chrysler, in profit gains for the first half. The gap will probably widen in the second half.

Truck companies and their suppliers are behind last year in profits—in some cases, substantially so.

Chemical companies are still riding along on their private boom. Ditto for aircraft companies—at least through the first half of this year.

Farm machinery producers are feeling the drop in farm income. They are also paying the piper for previous high sales, which gave the farmers most of the machinery they wanted. Both sales and earnings are down.

Building supply and cement companies are mixed. Most are up—as would be expected from the high level of construction—but some big ones are down.

Soft goods companies that have already reported are, in the main, doing well. Textiles are way up; so are tobacco and most foods. Among the food chains, Safeway Stores had a 125% increase over the first half of 1952.

• **Dividends Stable**—Dividend payments, since 1950, have stayed remarkably steady through the ups and downs of business. So far this year, they haven't been so exciting as the profit statements. The Dept. of Commerce reports that cash dividend payments through June were 4% ahead of last year. Most of this gain is in nonmanufacturing—utilities, finance, and railroads. Dividends in manufacturing are a bare 1.6% higher than they were last year.

• **What Next**—As things look now, second-half profits will be a little under first half. But the slippage won't be serious—somewhere between 5% and 7%.

Auto production will be down, maybe as much as 20% late in the year. This, with cost increases in steel particularly, will trim profits back. At the same time, steel price increases will not be enough to offset higher wages as production eases down from recent levels. The decline in profits, if and when it comes, will probably show much more in the performance of the smaller companies.

After a weak first half, petroleum profits, particularly for the independent crude oil producers, should be up as a result of crude price increases. Price hikes for refined products have, so far, shown no tendency to stick.

Chemicals should be about the same in the second half as in the first—which is very good.

In all, it looks as if earnings before taxes for the full year 1953 will either touch or match 1951's record high. And that means earnings after taxes are going to be the highest since 1950—a year of high profits and comparatively low taxes.

How a Sampling of Companies Is Doing

	Sales (thousands of dollars)		Per Cent Change	Net Profit (thousands of dollars)		Per Cent Change
	1953	1952		1953	1952	
Allegheny Ludlum Steel.....	134,319	89,262	50.5	4,262	2,349	81.4
Allis-Chalmers Mfg.....	258,567	267,142	-3.2	10,453	11,510	-9.2
Aluminum Co. of America.....	361,450	277,434	30.3	27,134	23,233	16.8
American Cyanamid.....	197,533	183,259	7.8	15,679	14,856	5.5
American Steel Foundries.....	120,756	107,686	12.1	5,201	4,844	7.4
Babcock & Wilcox.....	131,814	101,003	30.5	5,203	3,339	55.8
Caterpillar Tractor.....	236,107	260,588	-9.4	11,608	11,926	-2.7
Container Corp. of Amer.....	92,722	87,033	6.5	4,914	5,304	-7.4
Continental Can.....	242,345	207,201	17.0	6,911	4,705	46.9
Corning Glass Works.....	75,507	51,647	46.2	6,797	4,620	47.1
Douglas Aircraft.....	458,779	196,019	134.0	10,043	4,384	129.1
Eaton Mfg.....	108,963	97,224	12.1	5,498	5,016	9.6
General Electric.....	1,560,448	1,171,202	33.2	75,417	57,119	32.0
General Motors.....	5,441,000	3,869,000	40.6	313,000	269,000	16.4
Granite City Steel.....	44,165	31,598	39.8	3,188	1,145	178.4
Hercules Powder.....	99,969	91,724	9.0	6,754	5,883	14.8
Houdaille-Hershey.....	49,399	32,208	53.4	1,836	1,068	71.9
Inland Steel.....	289,701	219,051	32.3	15,678	11,345	38.2
Johns-Manville.....	123,448	116,340	6.1	11,536	11,907	-3.1
Jones & Laughlin Steel.....	327,856	229,240	43.0	16,363	4,601	255.6
Lehigh Portland Cement.....	25,980	24,897	4.3	2,492	2,479	0.5
Liggett & Myers Tobacco.....	281,490	278,419	1.1	10,518	9,087	15.7
Long-Bell Lumber.....	25,020	24,032	4.1	1,522	1,678	-9.3
P. Lorillard.....	119,566	103,847	15.1	3,298	2,519	30.9
Minneapolis-Honeywell Regulator	102,610	72,554	41.4	5,715	4,858	17.6
National Automotive Fibres.....	47,578	38,615	23.2	2,094	986	112.4
National Biscuit.....	176,419	171,230	3.0	8,453	8,738	-3.3
National Cash Register.....	125,016	106,835	17.0	5,570	5,036	10.6
National Distillers Products.....				3,179	3,008	5.7
National Gypsum.....	57,599	46,366	24.2	3,991	3,492	14.3
National Lead.....	217,936	176,185	23.7	13,808	11,075	24.7
Pacific Mills.....	62,027	50,972	21.7	1,231	572	115.2
Phillips Petroleum.....	370,203	346,509	6.8	34,225	38,933	-12.1
Pittsburgh Consolidation Coal.....	90,679	93,128	-2.6	5,990	6,207	-3.5
Polaroid.....	13,767	5,872	134.5	984	348	182.8
Pullman.....	194,994	164,825	18.3	5,715	4,858	17.6
Rayonier.....	36,084	38,836	-7.1	5,333	5,679	-6.1
Republic Steel.....	602,180	428,913	40.4	28,710	16,262	76.5
Safeway Stores.....				6,193	2,759	124.5
St. Regis Paper.....	101,746	92,382	10.1	7,122	6,050	17.7
Scott Paper.....	81,429	72,704	12.0	5,623	4,916	14.4
Shell Oil.....	604,317	555,678	8.8	50,744	42,555	19.2
Standard Brands.....	204,358	192,734	6.0	5,143	4,535	13.4
Standard Oil (N. J.).....				261,000	265,000	-1.5
Sylvania Electric Products.....	149,083	104,227	43.0	5,169	3,399	52.1
Thompson Products.....	169,416	123,407	37.3	5,357	3,814	40.5
Union Carbide & Carbon.....	528,153	452,875	16.6	52,478	46,440	13.0
United States Gypsum.....	94,702	88,122	7.5	10,195	9,600	6.2
U. S. Pipe & Foundry.....	45,883	43,529	5.4	3,729	2,539	46.9
U. S. Steel.....	1,920,157	1,460,948	31.4	105,017	65,753	59.7
Worthington.....				3,098	3,083	0.5

FHA Gives House Trade-ins a Tryout

● Five cities will test FHA-National Assn. of Home Builders plan for trading in old homes for new.

● Builders in some cities have tried it, say it sells both new and older houses, but others shy off.

● Aim is to keep construction up to long-term high level by tapping wider market.

The Federal Housing Administration and the National Assn. of Home Builders have their heads together and come up with an old trick in selling: the trade-in. Now they are getting started on a five-city tryout of an FHA-aided plan for owners of small houses to trade them in for newer and larger ones.

The idea has been going around for some months. Builders were starting to run into the old "I'll buy a new house from you as soon as I sell my old one" routine. What the industry needed, more and more builders concluded, was some variation of the old auto sales practice—translated to mean using equity in an old home as a down payment on a new one.

• **In the Works**—About a year ago, the NAHB and the FHA started working on the plan. In the meantime some builders have gone ahead and tried it independently.

In California, Liberty Building Co. has tried out what it calls the TSP—trade-sell plan—in West Pomona, and says it's working fine. Some firms in Washington, D. C., have been using the trade-in technique since January. One real estate agency in particular, T. N. Lerner & Co., feels it has made effective use of the method.

That's not a universal sentiment. Builders in some cities say they don't like the idea of going into the real estate business, or having to make two sales to complete a deal.

• **Test Run**—FHA however has decided to give the thing a tryout, on a somewhat larger scale, in these five test cities: New Orleans and Shreveport, La., Washington, D. C., Hartford, Conn., and Columbus, Ohio.

Results from the five test cities will help FHA decide in September what it can or should do to make it easier and more attractive for builders to take trade-ins.

Some of the things that seem likely to be considered in this connection include revising upward the improvement estimates on old homes taken over by builders in trade-ins, and concessions on underwriting terms so a builder could get the same mortgage on a traded-in home that a purchaser gets.

• **How It Goes**—Here's how the FHA-

NAHB test plan works—along the same lines as methods used by builders in their independent tryouts, but differing in some details:

A buyer sees a home costing say \$15,000, which he wants. He now owns a smaller place with a \$5,000 mortgage on it.

The builder gets an FHA appraisal on the buyer's present home. The FHA values it at say \$10,000, with certain improvement stipulations written into the commitment. The builder figures it will cost him around \$2,000 to rework the house according to FHA specifications, so he subtracts this from the value of the buyer's house, leaving a trade-in value of \$8,000.

This minus the \$5,000 outstanding on the mortgage leaves the buyer with a \$3,000 down payment on his new home, and the contract on the new home costing \$15,000 is written for a \$12,000 mortgage.

So now the buyer is in his new place, but the builder still has the old house to dispose of. He assumes the \$5,000 mortgage, takes the FHA commitment to a bank and borrows construction money for repairs. Then he works the old place over and puts it on the market.

The tricky part of the deal for the builder is going to be his ability to appraise the trade-in. If he goes too high, costs of improvement will eat up his margin, and profit will be out the window.

• **Aim**—The main purpose of the plan is to support a long-term high level of construction. Housing boomed after the war and climbed steadily until it topped a million units for the first time in 1949. The peak year was 1950 with 1,396,000 units, but then the curve started the other way. The total was down 300,000 units in 1951, and only picked up 40,000 in 1952.

Present figures indicate that more than a million units will be started this year (BW—Jul. 25 '53, p. 29), but builders think the market will need an extra boost to keep starts in the million-a-year category in the future. The trade-in scheme is the kind of boost they have in mind.

New housing prices are holding

pretty well in the present market, but the older dwellings are slipping off. Some hope the new trade-in scheme will firm up the market in used homes, though the California experience indicates a tendency for the builder to look for most of his profit on sale of the new home, with a correspondingly lower price on the re-sale house.

• **Hope**—Builders think there is still a large market available to them if financing problems can be overcome.

They point to the constant desire of everyone in a prosperous economy to go on to a bigger, better place. They note that the new families started during and after the war in small, low-cost dwellings now need larger quarters—and in general have larger salaries to carry them. Larger families help, too—and the proportion of three-bedroom homes in the construction total is steadily rising. They see a market for the older homes in families that want to move out of apartments.

• **Experience**—In the California experience, Liberty Building Co. has found its West Pomona trade-sell plan appealing to those with \$8,000 to \$10,000 homes, who want to move into one of Liberty's new \$15,000 houses. The owner's equity in the older house has been running from \$1,500 to \$4,000.

The owner agrees to buy the new house provided Liberty can sell the old one within 30 days at the price set by the seller. If the house isn't sold in that time, Liberty and the seller agree on a price for which Liberty takes the old house, applying the equity to the down payment on the new.

Liberty's plan has been in operation for about a month. The company says it has found sellers in general realistic about the value of their homes and not inclined to set an exorbitant figure. Liberty uses radio advertising to resell the old houses, reports these are moving well.

T. N. Lerner & Co. in Washington, D. C., has made about one-quarter of its sales since January on a trade-in basis. The new homes were in the \$13,950 to \$18,450 range. The firm never takes less than \$3,000 equity, accepts only houses with low mortgages outstanding—and so far, hasn't been stuck. Another Washington real estate firm, Shannon & Luchs Co., though not pushing the plan, has had 10% of its sales this year with trade-ins.

• **Expectation**—It's expected that most trade-in operations in the over-all picture will be confined to small, two-bedroom houses originally built under FHA specifications—since these will present less of a problem in meeting FHA requirements under the plan.



A year ago, Charlie Steen often went prospecting on foot, because he couldn't afford gas . . .

Broke and Hungry Prospector



Mining is simple at Steen's Utah diggings. You just drive a truck in, load up ore that has been loosened by blasting.



IN THE CHIPS, Steen keeps working, minus hardship. He has a plane now.



... Now, he's head man in a uranium mine with an ore potential that he sets at \$50-million.

Hits Uranium Jackpot

(Story continues on page 30)



LUNCH in Salt Lake City hotel is different from days when he sought a grubstake.



TIME OUT FOR FUN. Steen and his wife Minnie Lee (but call her "M. L.") take dancing lessons, as an early step in relaxation from the old hard days.



THE STEENS, with two of their four sons, and Butch. Larger home is abuilding.



CHARLIE STEEN still loves to prospect, keeps at it despite his rich find.

Uranium: Jackpot in Utah

(Story starts on page 28)

A year ago, Charlie Steen used to trudge hungrily through the Utah hills, dreaming of the Atomic Energy Commission's offer of a \$10,000 bonus for the first U.S. producer of high-grade uranium ore in quantity. He trudged, a lot of the time, because he couldn't afford gas for his weary jeep. He dreamed because he was a geologist-pro prospector on the trail of uranium, and he had a wife and four kids holed up in a shack with not enough to eat.

Steen hasn't collected the bonus yet—but only because he is mining uranium ore so fast that he hasn't time to comb out the high-quality stuff that would qualify for the bonus. With his mother, he has 51% of the stock in the Utex Exploration Co., a mine whose uranium reserves he sets at a minimum \$50-million (he snubbed an Eastern offer to sell out for \$5-million).

• **The Bonus**—The mine, 40 mi. from Moab, in southeastern Utah, is already yielding 200 tons a day, enough to qualify for another \$35,000 in bonuses offered by the AEC. In fact, it's really a technicality that stands between Steen and the \$10,000 high-quality bonus.

To qualify, a person must deliver 20 tons of ore that contains 20% uranium. This sounds colossal when you realize that ore assaying at a tenth of a percent is rated commercial grade. Steen's shipments averaged around half of a percent.

The gimmick is that uranium ore

varies tremendously in quality in the same mine, or even shaft. Despite his average, Steen has lots of 17.5% ore with specimens clear up to 55%, and by handpicking he can get plenty of 20% and better. But handpicking would badly slow up run of the mine production, and Steen's associates have convinced him that it would cost money to concentrate on the prestige of the bonus. As a compromise, Steen has one miner working part time to pick out high-grade ore. The guessing is that even at this slow pace Steen's mine will qualify any day now. No known rivals are even in sight.

• **Harvest**—For a 33-year-old who not long ago was feeding the baby tea and sugar because he could not afford milk, Steen has gone a long way. Besides his interest (and \$20,000 salary) in Utex, he's a major stockholder in Big Indian Mining Co., which has claims near Utex, and a partner in Moab Drilling Co., which drills for its sister companies and other mines and prospectors on a fee basis.

Utex recently voted a 50¢ dividend on its 50,000 shares. In June, the company says it made over \$100,000 before taxes; for the first eight months of its corporate existence it netted \$300,000 after taxes and after paying for most of its expensive mining equipment. More than 16,000 tons of ore have been shipped at an average price of \$52.23 a ton. Since mining and

trucking expenses are figured at \$20.51 a ton, it's easy to see where the profit comes in.

• **The Hard Days**—Steen followed a somewhat wandering course to this enviable spot. He worked his way to a geology degree at West Texas College of Mines, and took shots at oil and tin before he was lured to uranium prospecting by, of all things, the \$10,000 AEC bonus. Debt, troubles, sickness, and the sneers of a lot of people marked the long months of searching, done without even a Geiger counter to guide him.

The hard days left a deep impression on Steen, left him, too, with a deep gratitude toward the few who befriended him. Most of his associates in prosperity are men he invited in after the discovery, because they had lent a hand in his adversity, or even just been friends.

Dan O'Laurie, president of Utex, was Steen's boss when he was a water-boy. Vice-president W. T. Hudson helped him through school; general manager Robert Barrett was a Utah farmer-storckeeper who lent him money in his time of troubles. Nine other persons out of his past got small blocs of stock.

• **Rejected**—The actual discovery of Utex came dramatically. Steen's claims were on ground that the AEC had already looked over and rejected because it felt the uranium ore was too low grade to mine in the wilderness. Steen figured that a richer vein lay at 200 ft., below the shallow earlier snoopings.

After a lot of disappointments, he hired a drilling rig with money scraped up by his mother and Barrett. The rig broke in the first hole, before he reached target depth, and most of the gear was lost. Heartbroken, Steen tossed a few unlikely looking core samples in the jeep and headed for town to see if he could scabble up money to recover the drill tools. At a settlement on the way he found a friend testing samples with a Geiger counter.

The ticking was so feeble that Steen bet even his samples would make a better showing. The test was made, and the counter began ticking like mad. Steen almost went mad himself. Completely forgetting his mother waiting in the car, he streaked to the house where his wife was staying, squawking, "we've struck it! I've found a million dollar deposit!"

Once that wild outburst was over, Steen turned reticent. Quietly he staked more claims, letting only a few friends in on the deal. The news got around anyway and would-be partners flocked in—"some of them people who called me a crook and a crackpot the month before," Steen says. "I could do without their money."

Public Debt Crowds the Ceiling

Secretary Humphrey hesitates to ask Congress to lift the limit—it might be bad politics. But at midweek it looked as if Eisenhower would overrule him.

George M. Humphrey, Secretary of the U.S. Treasury, has been doing the same kind of figuring that's so familiar to John Jones, white-collar worker: how to squeeze by until payday? True, his debt ceiling is less immovable than the one John Jones crouches under, but there are good reasons why Humphrey hates to raise it.

Humphrey can always go to Congress to lift the legal debt limit, which now stands at \$275-billion. Thus he could borrow as much as he needed to pay his bills. But he knows any such move would provide the opposition with political ammunition that could come back at election time. At midweek, Eisenhower and Congressional leaders were weighing the issues—and leaning toward a boost in the limit.

• **Limit Unlimited**—Of course, the federal debt limit is a limit in name only. It's a statement of good intentions rather than a binding commitment. Money men on Capitol Hill—Sen. Eugene D. Milliken, chairman of the Senate Finance Committee; Rep. Daniel A. Reed, chairman of the House Ways & Means Committee, and others—regard the debt limit as not legally binding.

However, the limit has a psychological significance as a tradition. It's not to be changed lightly.

• **Going Up**—During the 1929-33 depression years, the debt limit stood at \$25-billion. When the Japanese attacked Pearl Harbor in 1941, the ceiling was \$65-billion. In the last year of World War II, it stood at a historic peak of \$300-billion.

The present limit of \$275-billion was fixed by Congress in June, 1946. When President Eisenhower took office last January, the government owed \$267-billion. Since then, a \$3.5-billion lag in revenues behind Truman estimates has teamed up with a continued climb in expenditures to push Treasury borrowing to \$272.5-billion.

That's uncomfortably close to bumping the ceiling. At the moment, the Treasury has a working balance of \$9.6-billion. This can safely drop to about \$3.5-billion, so Secretary Humphrey has about \$6-billion to draw on. After that, he would have to borrow to meet the current operating deficit.

• **Politics**—The new Administration has been reluctant to ask Congress to give the Treasury more headroom. Voluble

economizers in both parties would be sure to jump on such a move as an admission of failure by the Eisenhower team to deliver on its campaign pledge to cut government spending. The whole argument over just how fast government expenses can be scaled down without wrecking vital programs could be reopened.

If Humphrey—and Eisenhower—should decide against asking Congress to raise the debt limit, it won't change the facts of the fiscal situation. But it will deprive Administration critics of a chance to kick up dust.

• **Test to Come**—If the Treasury tried to squeeze by under the existing limit, the real test would come late this year. By then effects of Administration economy moves and the truce in Korea should be predictably in sight.

Third-quarter income tax receipts in September should help Humphrey over a bump. Last September, the Treasury showed a net surplus of more than \$500-million. But December can't be expected to show anything like that surplus, since fourth-quarter tax pay-

ments aren't due till January, and only about 30% of corporation income tax revenue will come in during the second half of the calendar year.

• **Temporary Boost?**—If Humphrey wants to play it safe, the Treasury could ask Congress for only a temporary boost in the debt limit. It could assure Congress that if borrowing does go over the \$275-billion mark it will be down again within that limit by June 30, 1954, the end of the fiscal year.

This would tend to remove the sting from Secretary Humphrey's embarrassment, by coupling his request with the promise of a better day to come.

It's been done before, too. In June, 1940, public debt was about to burst through the \$45-billion limit then in effect. That was due to the step-up in the defense program as a result of Hitler's victories. Congress was increasing tax revenues by \$4-billion, but the money wouldn't come in right away.

The solution in that case was to raise the debt limit by the same \$4-billion that taxes were to go up. The extra borrowing was specified to be in the form of short-term defense obligations to be retired out of receipts from the new taxes.

Secretary Humphrey has already resorted to issuance of tax anticipation certificates to take care of the Treasury's cash needs for the first quarter of the 1953-54 fiscal year. An increase in the debt limit could be tied to more financing of this sort.



Billboards Go 3-D

Roadside advertising took on a three-dimensional look in Los Angeles (where else?) when live models began to cavort around a replica of the poolside of the Sahara Hotel in Las Vegas. The sign—the brainstorm of a local publicity man—cost \$10,000 to

build (not including the girls), and has become a tourist attraction in its own right. The models—twelve in all—work in two shifts, from noon until ten at night, but the watchman reports that people stop all night long to walk around the display.

Joining Up . . .

. . . Kaiser and Willys sales forces means bid for expanded sales—while Willys TV move expands line.

The integration program of Kaiser Motors Corp. and Willys Motors, Inc., moved another step forward this week with the creation of a joint Kaiser-Willys Sales Division to market the products of both companies.

Aim of the centralization is to expand the sales of both Willys and Kaiser, and put them into competition in all but the top price field—that is to say, in the view of company officials, in some 94% of the entire auto market. The objective will be 4% of the industry's domestic sales, plus military work and exports.

• **Old-timers**—Heading up the organization to try for this goal will be a central office in Toledo under Roy Abernethy—an old Packard salesman—as sales vice-president of the new division.

Abernethy will work under Raymond R. Rausch, Willys executive vice-president, who looms as the active head man on all automotive work of the combined companies. Rausch, too, is an old-timer in the auto business. He was a key man under Charles E. Sorenson in the prewar Ford Motor Co.

Selling will be under a combined distributor organization in which today's 2,300 Kaiser dealers and 2,100 Willys dealers will eventually shake down—the company hopes—to about 3,000 retail outlets.

• **New Lines**—Stepping up sales tempo of Kaiser and Willys points up the possibility of expansion in other directions—notably in product lines.

A straw in the wind at Willys is a plan to make TV transmitters at the company's electronics plant in Toledo. The 1,000-watt transmitter is to be the heart of a "TV package" that is aimed at owners of TV licenses in areas of 50,000 population or less who could look forward otherwise to a wait of five years or so for transmission equipment.

The package will include a TV camera, projector, control panel, console, and other components. Willys may build other parts of the package besides the transmitter, or may buy from others and market under its label.

A model transmitter is now being built for submission for FCC approval in about two months. The first package could be delivered about six to seven months after approval.

• **Question**—This TV venture is the first step outside the automotive and auto parts field on the part of a com-

pany now celebrating its fiftieth year in the automotive manufacturing business. Rausch says, however, that the venture does not signal the start for Willys of any general diversification program.

But observers point out that Willys, if it wants to, has facilities in its plants to branch out into a number of fields allied to the auto and aircraft industries.

Tire Stocks Soar But Makers Keep Cool

You can make a good case for the view that tire makers are in a rough spot. The Korean truce is expected to cut military orders, passenger and truck tire inventories are at record highs, and original equipment sales to the auto companies are sure to taper off in the second half (BW-Jul. 11 '53, p27).

But you won't find this view popular in Akron. The tire companies are still talking big. Unit sales, they say, will be second only to 1950.

• **The Long View**—Tire makers base their optimism on the long-run growth of the nation, on the vastly increased number of cars and trucks on the road. Replacement sales—not original equipment sales or military orders—are the backbone of their business, and they don't see trouble there.

Replacement volume in first-half 1953 reached about 24,750,000 casings, which is just about the volume predicted. July demand stays strong, the manufacturers say. They admit dealers are jumping the gun on the traditional pre-Labor Day sales. That reflects jitteriness over inventory.

Original equipment sales through June ran far ahead of expectations and kept the factories working wide open. Car producers took 17.7-million casings—45% more than in the same period last year. The third quarter is expected to roll at the same pace: enough tires to equip 1.6-million cars. Akron looks for orders to equip 1.15-million cars in the last quarter. Tire statisticians are still counting on a 6-million-car year.

• **Inventories**—Stocks of passenger tires in manufacturers' warehouses touched a peak of 13,665,786 at the end of April. They dropped a bit in May and dropped by 800,000 in June. The trend is continuing.

Tires for trucks are still at peak inventory levels, though. In June, they added 89,000 casings to inventory, for a total of 3.4-million.

Inventories have to include a wider variety of types and grades than ever before, tire men point out, though tubeless tires are selling about as fast as they're being made.

Newark Airport . . .

. . . shut down much of last year, now celebrates its 25th birthday with a new passenger terminal.

From Feb. 11 to June 16 last year, Newark Airport was closed up tighter than a drum. The shutdown was a result of three fatal airplane crashes in nearby Elizabeth, N. J., in the space of less than two months (BW-Feb. 16 '52, p23). And for five months after that operations were sharply restricted.

This week the Port of New York Authority, which operates all the airports in the New York area, dedicated a new \$84-million passenger terminal at Newark Airport. Gen Jimmy Doolittle and other speakers looked forward to "the continued growth of aviation in the area" and, presumably, to the continued growth of Newark Airport itself.

• **Gathering Gloom**—But all was not sweetness and light in northern New Jersey. In the year and a half since the Elizabeth accidents, relations between the airport authorities and surrounding communities, far from improving, seem to have deteriorated steadily.

Despite the fact that the airport belongs to the city of Newark, and will revert to it in 1998 when the 50-year Port Authority lease is up, Mayor Leo Carlin of Newark pointedly refused to attend the dedication of the new terminal. So did the mayor and six councilmen from Elizabeth. And the Mayors' Airport Committee, which consists of the mayors and other officials of Newark, Elizabeth, and nearby communities, announced last week that it was ready to spend \$25,000 on legal action to force the airport out of Newark entirely.

• **Noise and Peril**—The dissidents' chief argument is that the noise and the danger from the airport are daily getting more and more intolerable.

They want the area's major airport to be moved perhaps 30 mi. or 40 mi. farther out, into relatively uninhabited country, with Newark used only for shuttle flights and for helicopters.

The airlines and the Port Authority insist that the noise situation at Newark is substantially improved over pre-accident conditions. So far as danger is concerned, they say, Newark is one of the safest airports in the world.

• **Can't Stop Progress**—Regardless of who is right in this argument, it looks as if the mayors are butting their heads against a stone wall. Newark Airport, and all the other big-city airports, are here to stay as long as they're useful; the economic facts of transportation today make sure of that.

COMPANY WINS \$227,083 PRIZE! (with new low score!) by Mr. Friendly



Company: The Acushnet Process Company of New Bedford, Mass., famous manufacturer of golf balls and molded rubber products.

Record: They've played ball with American Mutual, and we've played ball with them for 17 pleasant, profitable years.

New low score: We worked together to reduce the score of costly accidents to way below par for their field, and saved \$188,271 through lower premiums in the past 8 years alone!

Additional prize: They also saved \$38,812 through dividends in 8 years.

Total winnings: \$227,083.

Moral: If you're interested in a service that can help reduce accidents and premiums to record lows . . . and keep you out of dangerous traps and costly hazards, write American Mutual Liability Insurance Company for the complete case of The Acushnet Process Co. Address: Dept. B-99, 142 Berkeley St., Boston 16, Massachusetts.



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*Service from salaried representatives in 78 offices!
Savings from regular substantial dividends!*

CUTLER-HAMMER

HEATING UNITS

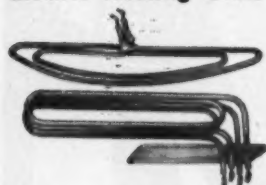


The Choice of the Leaders

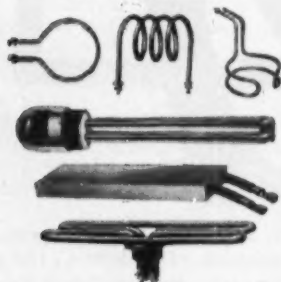


The revolutionary Bendix "Duomatic" that washes, rinses, extracts and fluff-dries in one continuous automatic operation.

Cutler-Hammer makes a wide range of Electric Heating Units



Washer and dryer units as used in Bendix Duomatic



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BUSINESS BRIEFS

Rosy rails: Pennsylvania RR. announced first-half 1953 net income over \$19-million. That's a \$1.45 a share, and triple the comparable 1952 figure. . . . New York Central's first-half net was nearly \$16.7-million (\$2.59 a share), the best since World War II.

Judge, humor magazine that folded in 1947 after 66 years, is rising from its ashes. Judge Magazine, Inc., will bring out its first weekly issue soon—16 pages of cartoons, jokes, verse, and some serious editorial matter. The price: 25¢ a copy, \$10 a year.

Terminals for sale—TVA would be authorized to sell its four war-built river freight terminals by a resolution now in Congress. The asking prices are: Knoxville, \$192,000; Guntersville, Ala., \$190,000; Decatur, Ala., \$181,500; Chattanooga, \$178,000. The terminals are leased by private interests with option to buy if Congress approves.

U. S. Steel Corp. expects production to drop below 100% capacity in the fourth quarter, according to chairman Benjamin Fairless. Nonetheless, Fairless said that demand "is still very good." Big Steel's first-half sales set a record at over \$1.9-billion.

Public housing starts for fiscal 1953-1954 are limited to 20,000 by a bill passed by Congress and now before President Eisenhower. Public Housing Administration will have to pick among the 62,000 units already contracted for with local authorities.

Socony-Vacuum Oil Co. will move its headquarters to a 42-story skyscraper that will be built on the southeast corner of Lexington Avenue and 42nd Street, in New York City. The oil company will lease 500,000 sq. ft. of the 1.3-million sq. ft. total.

Small business administration will be set up with a \$72.3-million first-year budget, if Congress O.K.'s President Eisenhower's request. The President's figure was nearly \$200-million under the figure already authorized by the House for the proposed agency, which would take over functions of the RFC and the Small Defense Plants Administration.

Farm income drop of 5% from first-half 1952 to 1953 is reported by the Agriculture Dept. Sales of both crops and livestock were up, but income fell to \$12.6-billion because of slipping prices.

See what adhesives are doing today!

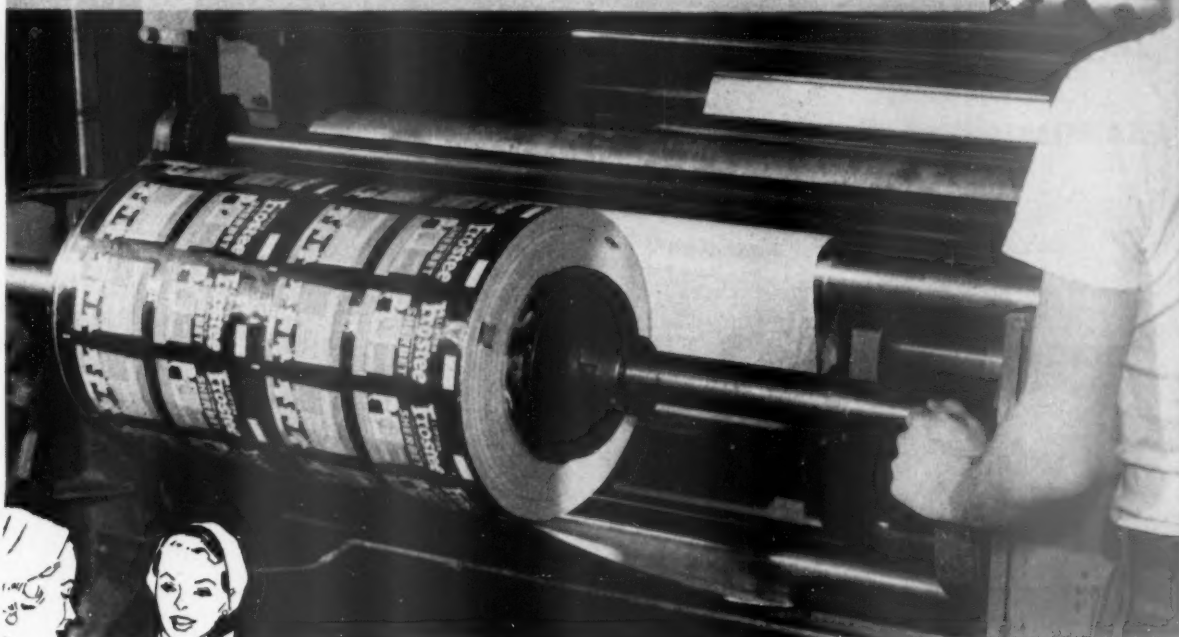


PHOTO COURTESY OF SHELLMAR PRODUCTS CORP., MT. VERNON, OHIO

Making "picture packages" for Lipton's



Have you noticed the new trend in food packaging? Today, every food producer wants color in his packages—bright, rich color that will catch the customer's eye—and hold it!

One thing that helps to make these "picture packages" possible is a new method of lamination used to hold a transparent film (on which the colorful advertising matter is printed) to a protective foil (in which the food will be contained).

Many packagers rely on 3M adhesives to bond film and foil together. Some, for example, use a 3M adhesive which is completely transparent when dry. What's more, it forms an immediate bond once applied. And its fast-drying property makes it possible to laminate packages on machines running at high speeds.

See what adhesives can do for you . . .

Making "picture packages" for Lipton's is another example of how 3M helps industry solve problems. For ideas on how 3M can help you, call in your 3M sales representative, or write in for a free, informative booklet describing many applications. Address: 3M, Dept. 18, 411 Piquette Ave., Detroit 2, Michigan.



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DIAGNOSIS...

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First comes the examination of your steel "headache". . . machinability, or tool life, or heat treatment, or surface finish, or excessive rejects, or any of the problems that you face in production. Here's where you meet the Republic Field Metallurgist.

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Then . . . back comes the Republic Field Metallurgist with recommendations that will give you the quality your product requires at the speed you need to show a profit.

Got a steel headache? Tell your Republic Sales Office representative about it . . . he'll have a Republic Field Metallurgist in your plant promptly.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
AUG. 1, 1953



The truce will make a big difference in business and politics. Those "nothing-is-changed" statements out of Washington should be discounted. It's true that the struggle between the East and the West goes on. But the end of the shooting, coupled with the Soviet's new attitude, is a change. It will lead to policy shifts. You can't pinpoint them just now. But they are ahead. You can see the general drift and begin to take it into account in your personal and business decisions. (But as you ponder the future, keep in mind that the truce is uneasy; the fighting could conceivably be resumed.)

Look first at the political implications. Korea never was popular. Moreover, Congressional elections come up in 1954, and Eisenhower has no seats to spare.

But now Eisenhower has gained strength. After only six months in office, he can show that the killing has stopped. Long-time observers have been unanimous that GOP control of Congress next year hinges on a Korean cease-fire. The GOP has it now.

The other big political "must" is prosperity. Eisenhower needs this, as well as peace, to hold his thin majorities. And what is happening abroad has a direct bearing on this issue here at home.

On the business side, the truce is somewhat deflationary. The quick reaction in the stock and commodity markets was a modest sell-off. But more second-guessing is ahead—a general reconsideration.

Defense production will ease off even more. It was very hard to hold to schedules while the shooting was on. Now it will be still more difficult.

Government will become a smaller customer for business. This slide was in the picture, regardless. Now it will be speeded up.

Here are some statistics to keep in mind: Currently, the defense take of goods and services is about \$53-billion yearly. Before the truce, the hope was that this could be pulled down to about \$35-billion in two years. What was a hope then now seems a certainty.

But the picture isn't all black. There are business stimulants, too. War isn't a requirement for a strong economy.

The future seems more stable. Officials agree that big war chances now are remote. Our key cities and industries have less to fear. Russia shows fewer signs of aggression. That means that you can plan ahead with less hesitation.

Tax relief is more certain than ever. Without a hot war, the Administration no longer can defend present high rates. Lower taxes mean more money to be spent at the discretion of business and customers.

The excess-profits tax will go off Dec. 31, as now scheduled. Even before the truce, the Administration agreed to this date.

Lower regular rates on corporate income are an odds-on bet. Eisenhower wanted the 52% tax retained beyond next Apr. 1. He asked for this as part of the EPT extension. But Congress didn't even consider it. So it's likely that corporations will get relief next year.

Excise taxes will go down, too. The deadline on the Korean rates is Apr. 1. Eisenhower asked for an extension, but again Congress ignored his

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
AUG. 1, 1953

request. And there's little reason to believe that it will change its mind next year if the truce still is on.

Relief for individuals will start Jan. 1—a cut of about 10% on the average.

Forecasters of a business slide seem more certain of their ground. Their prediction before the truce was that things would slack off this year, drop still more next year. Now they are more confident. In the past three years, the ability of the economy to produce has been greatly expanded. Even before the truce, industry was filling defense needs and the needs of civilians as well. Unless civilian buying steps up, and quickly, the defense cutbacks will create a slack.

Washington expects such a slide. But it thinks the dip will be moderate—a readjustment—with a quick recovery.

Keep this in mind: The Republicans want no economic crash. They will take a mild readjustment. But at the first sign that a recession will be steep, they will prime the pump—just as the Democrats did.

Draft calls won't be cut back quickly, despite the impression created by Defense boss Wilson. About a year from now they will drop off sharply. In the meantime, the services have a replacement problem.

Fathers may get more favorable treatment. Without any shooting, new heads of families stand a better chance of staying out.

Universal military training still isn't in sight. The services will be kept strong. But more reliance will be placed on voluntary enlistments in the future, even if it means a new scale of military pay.

Watch the turmoil within the CIO. Revolt against Reuther is more than just talk. The big industrial union faces disintegration (page 84).

Washington is courting the AFL. No official will admit this yet. But all the signs are that the Administration is working to split labor—pull the AFL into the Republican camp, hoping that the CIO will lose political strength before the 1956 Presidential election.

Taft: There's no one in the Senate who can really fill his shoes. Until he took a turn for the worse this week, the Administration was optimistic that he would be back on the job in the next session. But now Eisenhower will have to rely more and more on conservative Democrats to help him get the legislation he wants. His personal contact with them will increase.

The Democrats won't reorganize the Senate next session to take over the committee chairmanships. They could, as things stand. But the southerners prefer to see the Republicans go ahead with their show. They won't join the northern wing of the party in any move to take control.

If you have any questions on what happened in the adjournment rush, write us. The tail end of every session always creates a lot of confusion. Many bills, rated no chance, get pushed through. Many others get pushed aside. In the last-minute haste, it's hard to follow what the House and Senate do. If you are uncertain about a bill of particular interest to you or to your business, write Business Week, 1189 National Press Bldg., Washington 4, D. C. We will be glad to make a check for you.



The Strange Case of the Hidden Rabbit and the Allergic Prince...

At the Pasteur Institute in Paris, the story is told about an Oriental Prince who visited this famous medical center. Warned in advance that the Prince was allergic to rabbits, the tour was carefully planned to avoid all rooms in which the animals were kept.

Someone, however, doubted that exposure to rabbits could possibly be harmful to the Prince. So, one of the animals was hidden in a room through which the tour was to go. Amazingly enough, upon entering that room, the Prince had a violent allergic attack!

How does medical science explain this strange disorder known as allergy?

Doctors say that an allergy is not a disease, but a heightened sensitivity to certain substances—such as pollens, dusts, animal danders, cotton fillings, foods and drugs. The allergic person simply cannot tolerate such substances. When they are breathed, eaten, touched or otherwise encountered, they set up

a reaction which may appear as a skin eruption, a digestive upset, headache—and, most commonly, asthma or hay fever.

Great advances have been made in relieving not only hay fever sufferers, but victims of other allergies as well. Today, for instance, there are ways of identifying the most obscure causes of allergy and, in many cases, of immunizing the victim against the offending substance.

This is done by giving repeated, gradual doses of the allergy-producer. Such treatment—if continued as long as the doctor recommends—may greatly, if not completely, relieve allergic symptoms in 85 percent of the cases. Some persons, of course, are permanently relieved simply by avoiding contact with things known to be the source of their trouble—for example, a cotton-stuffed pillow, a dog or a cat.

Though allergic disorders are rarely

fatal, doctors consider them serious. This is because the symptoms are distressing, and, in severe cases, may cause such discomfort that work, sleep, appetite and recreation are interfered with. As a result, both physical and mental health may suffer.

Prompt and proper treatment—and continued cooperation between patient and physician—are usually the keys to the successful control of any severe allergy. This is because so many factors are involved—including precise diagnostic studies, drugs for immediate relief, and the influence of the patient's emotions upon the onset and severity of allergic symptoms.

Although there is as yet no "sure cure" for any of the various types of allergies, patients who carefully follow their doctor's advice can often be greatly helped.

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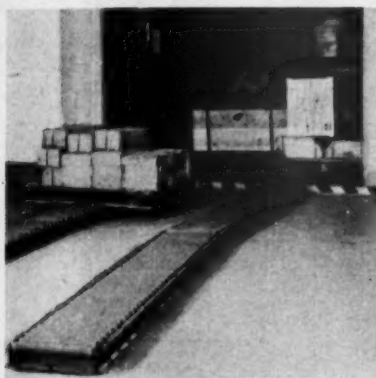
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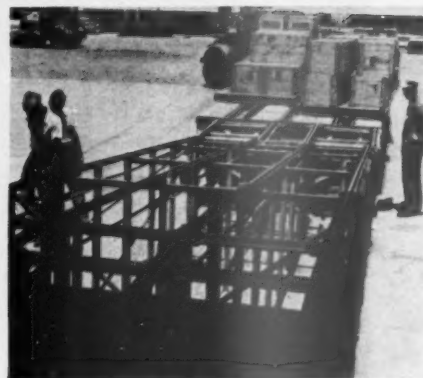
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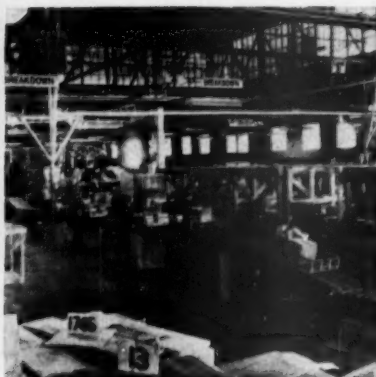
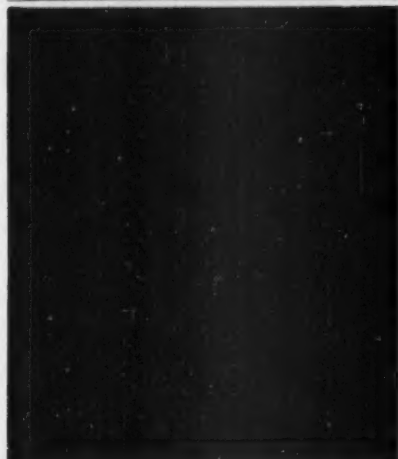
PRODUCTION



Rollers in elevators . . .



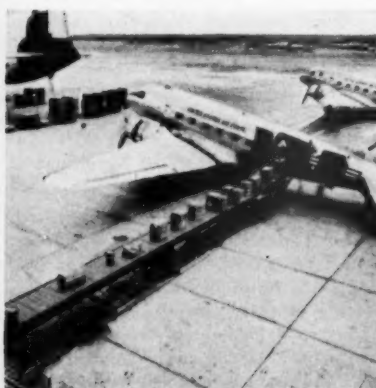
. . . and in trucks . . .



Routing invoices . . .



. . . sorting cartons . . .



Conveyors into planes . . .



. . . trucks onto carrier . . .

The Military Puts New Zip in Handling

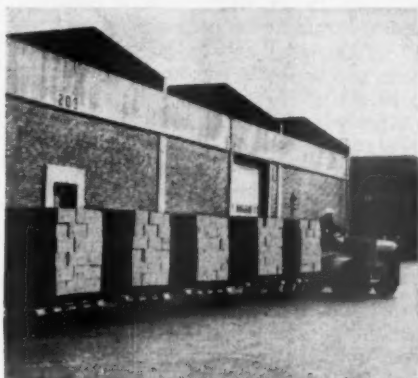
The armed services, facing by all odds the biggest and most urgent materials handling problems in the world, keep coming up with gimmicks that are the envy of big business.

What the services do, essentially, is to take conventional handling equip-

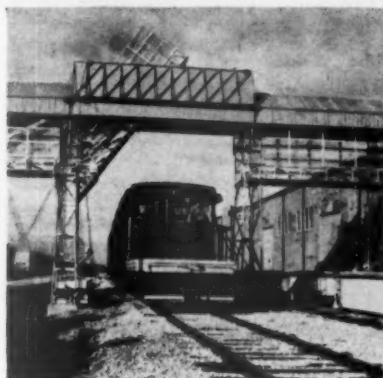
ment and twist it to new and ingenious applications. Business, on the other hand, has tended to buy standard equipment and then do what the instruction sheet says. The pictures on these pages give some idea of what the military is doing with its 35% share of the out-

put of handling equipment producers.

• **Complex**—The ingenuity of the services has been largely spurred by the immense complexity of its materials problems. The imagination is staggered by the variety of goods that the military handles in tonnage amounts.



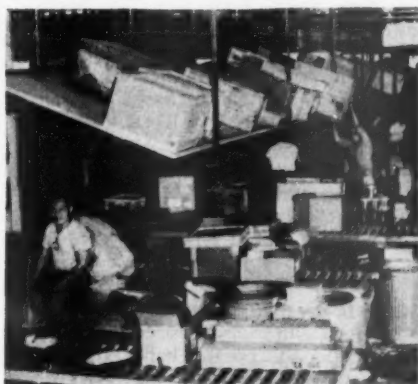
... shock-absorbing casters ...



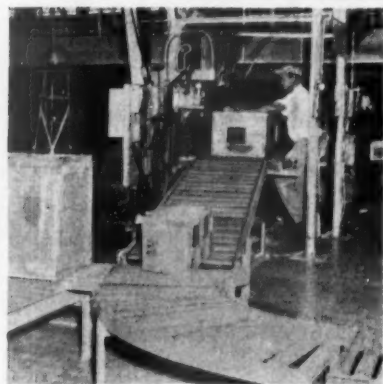
... inter-warehouse conveyors ...



... special fork lifts.



... packing small items ...



... nailing overseas boxes ...



... recording inventories.



... cables between ships ...



... conveyors in Korean port ...



... cargo winch at the front.

Materials

Kelly Air Force Base, outside San Antonio, is a prime example. Kelly, which supplies 18% of the world-wide needs of the Air Force, handles 475,000 stock-keeping units, which puts it in a class with the largest mail-order houses. Its assets of over \$1.8-billion and an-

nual spending of \$335-million put it right up there with the half-dozen biggest corporations in the country.

The figures on Kelly's rapid postwar growth tell the story of its efficient use of mechanical handling equipment. In 1945, it took 6,540 men to handle the base's 584,345 tons, composed of close to 4.5-million separate items. Last year the staff was down to 4,769 men; the load had risen to 635,188 tons and over

5-million items. What's more, the reduced staff now takes care of a requisition in two days, where six days used to be needed.

• **Two-way Flow**—The progress at Kelly is locally called "McMullenization," in honor of the commanding officer, Maj. Gen. Clements McMullen. The general sees to it that there is a two-way flow of handling information between his base and private industry;

Graybar

reports to
management
on...

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6 definite cases of basic production improvement

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Improves ventilation in critical "press" room . . . eliminates condensation on walls and ceilings . . . reduces labor turnover through improved working conditions . . .

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Plant comfort kept high production constant, even under pressure of 3 shift operation . . .

WITH ILG POWER ROOF VENTILATORS

⑤ Kentucky Utility*

Office working conditions made comfortable, even during hottest weather . . .

BY USE OF ILG PROPELLER FANS

⑥ Ohio Valve Manufacturer*

Removed dust, fumes and heat from arc and gas welding department . . . air changed 4 times a minute . . .

BY USING ILG PROPELLER FAN

*These specific examples of increased production through improved comfort of working areas are taken from letters in our files. Your local Graybar Representative will be glad to show you, and discuss with you, the complete statements from which these excerpts were taken. He will also be glad to give you solid additional data showing the direct relationship between working comfort and lowered production costs through adequate plant ventilation.

Of course, all ventilation problems are not alike — that's why it pays to call on Graybar. You can count on your local Graybar Representative to provide sound recommendations aimed directly at lowering plant production costs.

Call your Graybar Office, too, for similar service in the procurement of electrical supplies and equipment for power, wiring, lighting, or communication.

339-28

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he makes frequent visits to private installations to see what's new in their methods. And he has prepared a packet of information on Kelly methods, given to other bases and to any private business that requests it.

• **Conveyors**—Kelly has really gone to town on applications of the roller conveyor. For one thing, the usual bottle-necks at the warehouse door have been eliminated by extending the conveyors right into the cargo carrier—into elevators, planes, freight cars, and trucks.

One recent move in this direction is a rollerized trailer truck. Kelly found that the big cleanup crash trucks, used for removing debris after accidents, are ideal for moving supplies. A few of them have been equipped with floor rollers to match those on warehouse ramps. When the truck is in position, its rollers are plugged into the same power source that activates those on the ramp, whose height can be adjusted to that of the truck. At the turn of a switch, a full load can be pushed down the ramp onto the truck. Total loading—or unloading—time: 40 sec.

All branches of the military have shown ingenuity in using conveyors. The Navy, for example, has developed a pallet with built-in rollers that carries materials right into freight cars or storage bins. Lightweight materials are being used in portable roller conveyors for use on ships or in forward areas. Expendable pallets are being tested, and shock-absorbing caster wheels are being tried as a fast way of moving palletized material over rough ground.

• **Standardization**—All the services are aiming at standardization, in both methods and equipment. They want to cut down the number of shipments that need special treatment. In this line, the Navy is experimenting with 40x48-in. wooden pallets that can be picked up by a fork lift truck from any side, instead of merely from fore and aft. The Navy thinks it will be possible to load the new pallets more easily side by side in trailers and freight cars than is possible with the 48x48-in. conventional type.

A lot of thought is going into cutting down the number of types of fork lift trucks. The Naval Supply Depot in Bayonne, N. J., is studying the standardization of the high-mortality parts of gasoline engines. The idea is to make parts interchangeable, even on equipment from different makers.

• **Papers, Too**—Invoices have to be kept moving, along with supplies. This, too, is being mechanized with bicycle chain conveyors. At Kelly, incoming packages are marked with a number in colored pencil to show their destination in the warehouse. The papers relating to the package get the same number, and are clipped onto an overhead chain. Monitors along the line watch the



NEXT TIME...ORDER SCOTTISSUE TOWELS!

1. They drink up water like an Airedale in August.
2. They're strong — even when soaking wet.
3. They're so soft that many people use them as face cloths.
4. They're clean and white — of course.
5. They're double-fold to dry double-quick.



"EVER PLAY
GUESS THE WEIGHT?"

ScotTissue Towels have an exceptionally high fibre content. This "bulk," plus generous size and double fold, makes a case of 3,750 ScotTissue Towels weigh 46 lbs.* Some paper towels cost less for 3,750 but are 10 to 20 lbs. lighter*—hence less drying power. Write for more facts. Dept. A. Scott Paper Company, Chester, Pa.

*Shipping weight

SCOTTISSUE

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TOWELS

Symbol of the right kind of washroom

And in Mexico ~

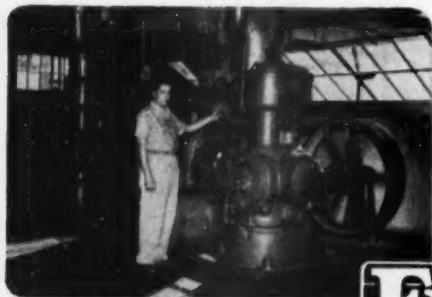


Refrigeration

Freezes 11 tons of shrimp, stores 50 tons, and makes 15 tons of ice daily for the Mariscos Congelados del Pacifico, S.A., at Guaymas, Sonora. This is one of the many ice plants, breweries, quick-freezers, dairies, packing houses, cold storages, hotels and

restaurants in Mexico which find Frick refrigeration and air conditioning the ultimate answer to their cooling problems.

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AEROQUIP CORPORATION, JACKSON, MICHIGAN

"... turnover of military stock is erratic ..."

HANDLING starts on p. 40

approaching numbers, routing and turning both packages and papers as needed.

One short conveyor line handles six types of items. Papers are automatically dropped off the carrier onto the desk of the worker handling that particular item. The gimmick is the connector holding the papers to the chain. Thus the 1-in. connectors trip off at the first hopper, the 1½-in. connectors at the second, and so on.

• **Turnover**—Packaging is a field where the military has problems not answered by common industrial practice. That's because the turnover of military stock is more erratic. Some items, such as electronic equipment, may be stored away for years, then needed in a tearing rush. Other items, notably parts of machinery that might rust, have to be opened, processed, inspected, and re-packaged at regular intervals.

One of the fanciest tricks for long-lasting packaging is the vapor, or gaseous, corrosion inhibitor. The item in need of protection is packaged in its container with the gas; this ends the need for painting machine surfaces with grease or some other protective coating.

• **One Fell Swoop**—Restocking ordnance spare parts on ships is an age-old worry to which Bavonne has just tried a new approach. By the old system, a destroyer tender, say, would check over its entire stock of 14,000 items and then requisition the necessary replacements. This operation took up to three days. Now, when the ship docks, its entire remaining supplies are unloaded, and a complete new stock put aboard. The whole operation can be done in six hours. This means that the ship can go back to sea, leaving the slow job of sorting out obsolete and damaged parts to be done on shore.

One of the mean troubles of warehouse handling has always been the chore of getting unneeded materials out from underfoot. Kelly has licked this nicely by installing a 13,000-ft. conveyor system that ties together six immense warehouses in one corner of the field.

The conveyor pulls an endless stream of dollies along all the corridors. That provides a continuous repository for things that aren't wanted where they are. When the package waif reaches a more appropriate place its dolly can be unhooked without difficulty. A visitor, going for a ride on the conveyor, could tour the whole warehouse system at a 100 ft. per minute, and end up where he started.

To every truck owner looking for a "better price" on tires!

• #6 in a series of advertisements directed to every executive concerned with more efficient truck operation •

ANYTHING WRONG with getting "a better price" when you buy tires?

No, sir—nothing at all—*IF you know what that better price is actually buying.*

For tire price means nothing unless you measure it against the true yardstick of tire value: mileage received per dollar spent.

This seems obvious. Yet, right now hundreds, perhaps thousands, of tire buyers are basing their purchases on price alone. And their companies are paying for the practice, to the tune of millions of dollars per year wasted!

Tires sold at big discounts in price often give you an even bigger "discount" in mileage.

How to Find a Real Bargain

Many fleet operators save plenty just by keeping simplified tire cost-per-mile records. Such records make it possible to compare brands on a fair and equal basis. They disprove, once and for all, the idea that "all tires are alike."

Kelly welcomes this kind of comparison. The panel at the right clearly explains why.* Another fact clearly shown in cost-per-mile records is the extra economy of a tire that can give you recap mileage.

In most operations, you can get many thousands of extra miles of tire wear, if recapping is possible. Since recapping costs less than half the price of a new tire, a tire that can take one or more recaps is obviously a better buy than one that doesn't.

When you base your purchases on price alone, your payoff in recap mileage is strictly a gamble—with the odds against you.

For recap mileage depends on the

most expensive part of a truck tire, the body. A tire body must have the finest workmanship and materials to withstand the punishment of flexing and recovering millions of times as it revolves under heavy loads, at high speeds, enduring all sorts of pounding.

Why Kellys Give More Recaps

Today's Kellys lick this kind of wear with some of the most outstanding developments in modern truck tire manufacture.

- Kellys' newly perfected, pre-stretched, stabilized cord adds more than 10% to the strength of the tire body.
- Kellys' new compounding methods provide stronger, cooler-running insulation and cushion between plies.
- Kellys' new overall design enables

tires to take more punishment without fatigue or undue build-up of heat.

And in addition Kelly has substantially increased the life of the original tread, which results in thousands of extra miles.

For Better Value and Better Service

See your Kelly Dealer. *He knows tires* and he has all the necessary equipment, data and technical skill to set up an economy program which can actually multiply your tire mileage.

He can tell you how and when to recap most economically. He can make frequent checks for dangerous or uneven wear and often remove the causes. He can recommend the best inflation, tire rotation procedures, truck load capacities and the best tires for your particular operation.

*Comparisons Prove KELLYS' Economy!

"We've compared many brands of tires, but we've used Kellys almost exclusively the past six years. We find they're the most dependable and economical."

Ed Stover

United Oil Co., Inc., Twin Falls, Idaho

"Since changing to Kellys, I feel our 34 trucks have achieved the lowest possible cost-per-mile. Several

sets of our Kellys have run 100,000 miles on original tread before being recapped."

Roy D. Mitchell

Vice Pres., H. F. Johnson, Inc., Billings, Mont.

"Our mileage records for 70 heavy-duty units show that Kellys have cut our fleet tire expense 25%."

A. H. Jacobs,

Acme Concrete Corp., Hialeah, Fla.



FREE! VALUABLE BOOKLETS!

Case history and data booklets. No claims, no "sell"—just plain facts and figures that tell you what kind of economies you can expect when you roll on Kellys. Write for them today to: The Kelly-Springfield Tire Company, Cumberland, Maryland.

There's a tough Kelly for every trucking job!



NEWSPRINT, made 100% from bagasse, has passed test runs triumphantly. To these Louisiana publishers and planters . . .

Sugar Cane Waste Makes Good Reading

For years, American newspaper publishers have been turning every stone in sight to find a way to beat the twin devils of the newsprint market: too little, and too dear.

One of the ideas that has promised most and so far delivered least has been the use of bagasse as a source of newsprint, instead of softwood pulp. Bagasse is the brown, strawlike material left over when the juice has been extracted from sugar cane. It's cheap and there's lots of it; cane growers often have a tough time getting rid of it; many simply use it as fuel.

• **Well Backed**—There has been a lot of talk about bagasse—but very little effective action and a lot of dissent. Now, Valentine Pulp & Paper Co. has been formed with heavy financial backing to set up a bagasse-into-newsprint plant. The backers are Valite Corp., of New Orleans, an old hand at utilizing bagasse, and the Houston construction and engineering company of Brown & Root, Inc.

Brown & Root will build the \$2.6-million plant at Lockport, La., 35 mi. from New Orleans and right in the heart of the sugar cane country. Within a 100-mi. radius of the plant, 750,000 tons of bagasse are produced annually; of this only 200,000 tons are now used commercially. Lockport also has plentiful supplies of the water and natural gas essential to the conversion process.

The plant will be the first in the U. S. to make newsprint and other paper 100% from bagasse. It's scheduled to turn out 50 tons of newsprint a day

when it goes into production in the first quarter of 1954.

• **The Process**—Valite Corp. and Brown & Root say their project is sure fire. They figure they have both the right process and the right products for the market.

The process that will be operated by Valentine Pulp & Paper was developed by Edwin L. Powell, a Chattanooga chemist, and Valite Corp. Powell has spent 12 years studying possible uses of bagasse.

Unlike most early bagasse processes, this development uses both the pith and the fiber of the bagasse. Earlier methods based on separating the two found the cost of this operation so great that they could not compete with other pulps.

Powell's process also offers a much higher yield of pulp than previous extractions from bagasse. His method is said to yield a consistent 500 lb. of pulp for each 1,000 lb. of bagasse. Earlier yields were generally in the 200 lb. to 250 lb. range.

Then again, much less water per ton of product is required than in standard pulp and paper processes. And the disposal of waste—a chronic headache in the trade—is easier because less chemicals are used than in pulping wood. The Lockport plant, incidentally, will be able to produce book paper, bond, and grease-proof paper as well as newsprint.

• **Doubters**—There are a number of newsprint experts who don't share this enthusiasm for the process. The dissenters scoff at the idea of making newsprint 100% from bagasse; most of them

say that bagasse should at most merely replace the 15% chemical pulp in newsprint, leaving the 85% of softwood pulp untouched.

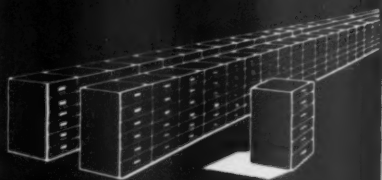
The doubts have not quenched the lively interest of both publishers and sugar cane planters in the Valentine plant.

For the planters, success of the process would mean a much bigger return on their crops. Some of the more optimistic are already dreaming of a day when they will grow cane for its cellulose rather than its sugar.

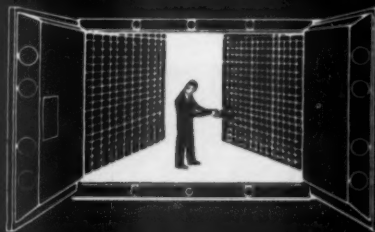
For newspaper publishers, especially in small cities, it points to a possible escape from the high-cost, low-supply miseries. The smaller newspapers are most interested, because they buy in small quantities and have to pay more for newsprint than the big city dailies. Of course, the 17,250-ton annual production of the Valentine plant wouldn't even supply the needs of Louisiana. But it would help some, and if fully successful might be the first of many such plants.

• **Stiffer**—Test runs of 100% bagasse newsprint, manufactured by Powell's process, have been made on the presses of four Louisiana newspapers, including the New Orleans Times-Picayune and the Franklin Banner-Tribune. Both publishers' and sugar cane producers (picture) were enthusiastic at the results obtained on presses ranging from flat bed to high speed.

Generally, the bagasse newsprint was found to be stiffer and stronger than the regular type. Some samples showed



SPACE SAVINGS UP TO 99%



INCREASED PROTECTION



SYSTEM SHORT CUTS

Why Recordak Microfilming gives you these advantages at lowest cost

The most important requisite in any microfilming operation is the use of a microfilmer that's geared to your company's requirements.

If your requirements are small, for example, it would be unwise to pay for a large-volume microfilmer . . . with speed and refinements which could not be used profitably in your office. Your costs would be higher . . . your dollar savings less.

Recordak, in recognizing this important fact, has created its line of microfilmers with all requirements, all budgets in mind. Whatever features you need, Recordak has.



The Recordak Bantam Microfilmer, with 40 to 1 reduction ratio—highest available today.

Whatever features you don't need, you needn't buy.

Thus, Recordak has made it possible for the smallest user to gain savings which are proportionate to those realized by the largest Recordak user.

It will pay you, definitely, to get complete details on the Recordak line—5 microfilmers designed for copying office-size records; and 4 models designed for copying larger documents, bound or unbound. *All available on an attractive purchase or rental basis.*

Write to Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.

"Recordak" is a trade-mark.

1928



1953

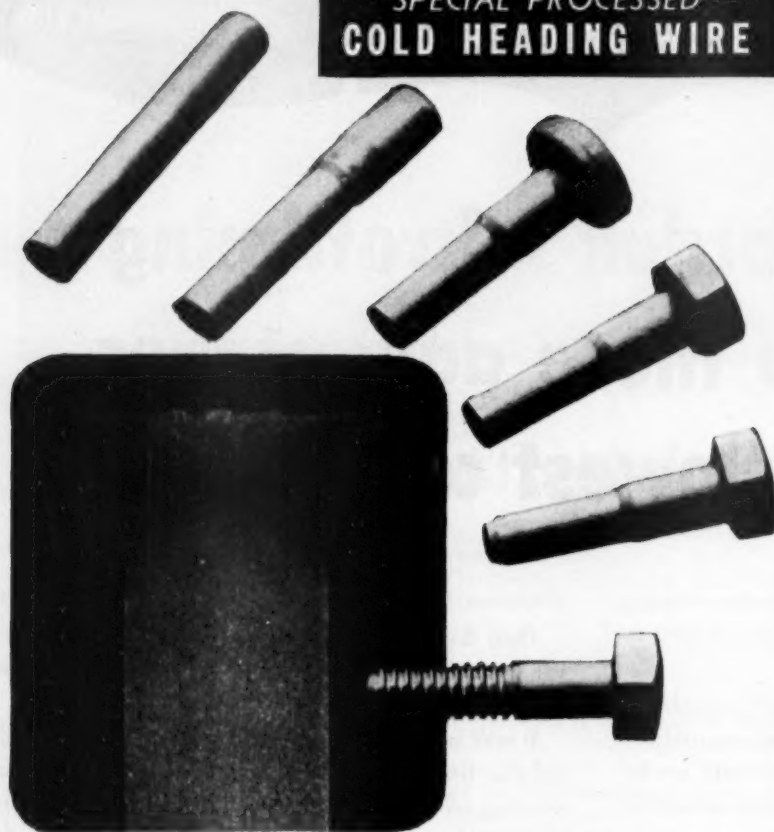
RECORDAK
(Subsidiary of Eastman Kodak Company)

originator of modern microfilming — and its application to business routines

**UNIFORMITY . . . from start
to finish with**

KEYSTONE

**"SPECIAL PROCESSED"
COLD HEADING WIRE**



When you use Keystone "Special Processed" Cold Heading Wire, you get uniform response every step of the way through forming, trimming, threading and final heat treatment.

Uniform, strength-giving grain flow characteristics are clearly indicated in the above macrograph of a high-strength cap screw made from Keystone "Special Processed" C1035 Cold Heading Wire. The long, continuous fibres tell the "inside story" of efficient cold heading which results in longer die life, lower production costs and finished products of the highest quality.

INDUSTRIAL WIRE SPECIALISTS

Keystone Steel & Wire Company
PEORIA 7, ILLINOIS



improved reproduction of fine screen engravings.

It's still too early for Valite or Brown & Root to come up with hard figures on what their newsprint will cost. They think, though, that it will be competitive with regular newsprint, and cheaper than that made from hardwood.

• **Here to Stay**—Any foreseeable production of the bagasse newsprint would be too small to alarm the giant softwood pulp producers, but the new plant is serving notice that bagasse is here to stay. In fact, the process is being eyed seriously in heavy sugar-producing areas like the West Indies, which are long on bagasse and short on newsprint.

The Dominican Republic is experimenting with bagasse newsprint (BW—Dec.13'52,p139). The government figures it will be way ahead even if the newsprint costs \$100 a ton; publishers are now paying over \$200 a ton for imported paper. In Peru, W. R. Grace & Co. has a small plant turning out paper products (BW—May12'51,p164). Its main products are bags, boxes, and paperboard, but it also has a small newsprint capacity.

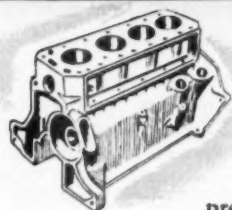
PRODUCTION BRIEFS

Hot boxes—the burned-out wheel bearings of railroad freight cars—are being studied by Armour Research Foundation, Chicago, under the sponsorship of the Assn. of American Railroads. Armour has set up two devices, a freight-car truck, and a bearing testing machine, to examine this bugaboo of railroading under laboratory conditions. Actually, hot boxes show up on an average of only one for every 331,192 car miles, but they cause costly delays and repairs.

• **Fibre Box Assn.** has set up a marking system for fiber boxes, designed to help paper and board mills that turn the boxes back into pulp. A set of symbols shows whether the boxes have been made from asphalt, sulfur, or polyethylene resins. Thus the mill can adapt the boxes to its own pulping process.

• **A mobile food freezer** of Continental Can Co. is a miniature version of a full-sized plant. Continental Can can take the unit into a customer's plant, and find out the best freezing time for a food product, or the most effective size and shape for a container.

• **Kel-F**, a fluorocarbon-type plastic (BW—Oct.27'51,p46), got a big boost in output at M. W. Kellogg Co., a subsidiary of Pullman, Inc. A \$1-million expansion at Kellogg's Jersey City plant has increased the annual capacity of the plastic to more than 1-million lb.



210 horsepower—one manpower!

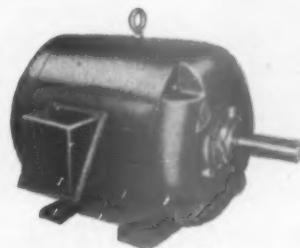
Here's a way to greater productivity . . . it's an amazing transfer machine that mills, drills, bores, taps, reams and chamfers 72 tractor cylinder blocks in an hour. Because all of these operations are combined, handling of parts between numerous machines is eliminated and only one operator is required.

This Cross Transfer-matic was built for Ford Motor Company for use in its Tractor and Engine Division. It is equipped throughout with Wagner totally-enclosed motors—32 motors with a total rating of 210 horsepower.

Machine tools powered with Wagner totally-enclosed motors are assured freedom from

excessive downtime caused by motor failure, because these motors are fully protected against damage from steel-filings, chips, dust, dirt, fumes and moisture.

Whatever your requirements may be—there is a Wagner Motor to fit every need—a complete line for all current specifications, with a wide variety of enclosure types and mountings. Your nearby Wagner engineer can help you select the *right* motors for your needs. Call the nearest of our 32 branch offices, or write us.



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one LIFT TRUCK



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HYSTER YT-40

4000-lb. Capacity • Pneumatic Tires

Here's why: It's rugged and fast enough for *big* outside jobs—yet *small* enough for close-quarter inside work. Big pneumatic tires iron out the rough spots—give plenty of traction through mud and snow. The YT-40 is a driver's dream, easy on floors—works around the clock with minimum attention.

If you have to get along with *one* truck for all work *inside* and *out*—choose the Hyster YT-40! See it at your local Hyster dealer, or write for Catalog 1016 to:

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Peoria, Ill.; Danville, Ill.; Nijmegen, The Netherlands

NEW PRODUCTS

Transistors Multiply

Transistors, the tiny crystal devices with a big future in electronics, passed another milestone last week. Sylvania Electric Products, Inc., announced that it has developed a "tetrode" transistor to be available commercially about Aug. 15 and a "pentode" transistor to be released later this year.

The new transistors differ from those currently available—which Sylvania now calls "triode"—in the number of wires running from them. Basically, the transistor is a tiny bit of solid material called a semiconductor, which amplifies audio and radio frequency signals. Hooked up to the two wires of an electric circuit it controls the flow of current through them. When a third wire is added, small signals on this wire affect the current flow between the first wire to the second wire through the semiconductor.

By adding a fourth and fifth wire, as is done in the tetrode and pentode, signals can be changed even further. In some cases, Sylvania says, the new models can replace triodes on a one-for-two or one-for-three basis. Development of multi-element transistors parallels the growth of vacuum tubes that they may replace in particular applications.

The new transistors are expected to find a place in computers, radio, and other miniature electronic units. The big advantages are compactness, shock resistance, a low power drain.

Electronics engineers expect that transistors will eventually lead to a great reduction in the size of all electronic equipment. In some cases, they will permit substitution of portable equipment for uses now performed only by stationary equipment.

Such developments, however, are still off on the horizon. Before the full impact of transistors can be felt, engineers will have to develop many other miniature components to go with them.

• Source: Sylvania Electric Products, Inc., 1740 Broadway, New York 19, N. Y.

• Price: About \$25 for the tetrode.

Roofing by Machine

A novel method for putting aluminum sheeting on pitched roofs has been developed by Roliton of America, Inc. Using the company's one-ton rig, a three-man crew can lay a "custom-fitted" roof of 1,000 sq. ft. in less than six hours. Roliton is offering license-franchise setups throughout the United States.

Here's how the machine works. Coils of 16-in. aluminum sheet are fed into it.

The machine automatically forms the strips with lengthwise corrugations and cuts them to fit from eave to eave over the peak of the roof. Then the machine guides the strips into place.

The aluminum is laid over an asphalt underpad, fastened in place with special aluminum clips and aluminum nails. Joints between strips are covered with battens also formed by the machine. Edges are turned by hand.

Cost of a Roliton roof runs about three times that of top quality asbestos shingles and perhaps five times that of standard rolled roofing. Its big lure for reroofing jobs is its endurance. The company gives a 25-year written guarantee on construction and installation, says the aluminum is good for 100 years.

• Source: Roliton of America, Inc., 714 East Van Buren St., Phoenix, Ariz.

NEW PRODUCTS BRIEFS

Neu-A-Dent is a small rubber bumper that clamps on your car door to protect it during close-quarters parking. A pair of door stops costs \$1 from Best Value Sales Co., 270 W. 39th St., New York 18, N. Y.

Calibrated wire rope is being introduced by Paulsen-Webber Cordage Corp., 170 John St., New York, N. Y. The new rope is marked with colored bands at 5-ft. intervals, but can be marked in feet or fathoms. It comes in 20 dimensions ranging from $\frac{1}{8}$ in. to $1\frac{1}{2}$ in.

A leakproof battery for flashlights has been introduced by Electrical Division of Olin Industries, Inc., New Haven, Conn. It uses a chemical seal called Solinite, which eliminates the need for a metal case or even thick insulation.

A portable intercom offered by Mitchell Mfg. Co., 2525 Clybourn Ave., Chicago, Ill., requires no connecting wire. Each unit contains a complete electronic transmitter-receiver. Units plug into any outlet on the same main power transformer, produce two-way speech contact over electric light lines.

Mechanical arms are old stuff in A-bomb plants, but now they are being offered commercially by Mechanical Division of General Mills, 2003 E. Hennepin Ave., Minneapolis 13, Minn. The arms are electrically driven and remotely controlled. Television, periscopes, or shielded barriers can all be used in conjunction with the arms.

WHEN *is a Worker*

a Worker

and a Half?



When his production record shows it.

We don't say all workers in *The Land of Plenty* are "workers-and-a-half", but it's a matter of record that average production-per-man is unusually high in this great and growing industrial region served by the Norfolk and Western.

That's because manpower here is "home-rooted" with above-par records for sticking with a job . . .

Because absenteeism is low . . .

Because workers here — male and female, skilled, semi-skilled and unskilled — are intelligent, adaptable and unusually loyal . . .

And because there's a dependable supply of them.

Transportation is a major factor in good plant location. YOUR TRAFFIC MANAGER is a transportation expert. Consult him about transportation advantages for your plant.

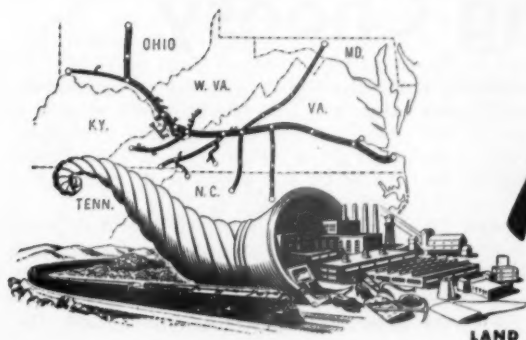
Locate Your Plant
In The

Land of Plenty

- High-Production Manpower — "Home-Rooted"
- Varied Raw Materials
- Ample Power & Industrial Water
- Dependable N & W Transportation
- Nearness to Markets
- Nearness To The Great Port of Norfolk
- Finest Bituminous Coal
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NORFOLK AND WESTERN RAILWAY
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Norfolk and Western
RAILWAY

LAND OF PLENTY

FINANCE

Here's the Postwar Volume of New Home Mortgages Recorded...



...and Here Are the Investors Who Bought Them



THERE'S STILL PLENTY OF MONEY AVAILABLE BUT NOW . . .

Lenders Are Getting Choosy

Those stories that mortgage money is tight are only partly true. It all depends on what the money is for.

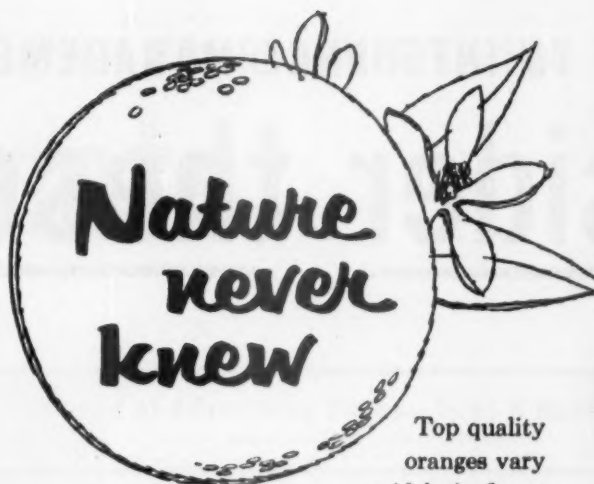
There isn't much trouble in getting a mortgage to build or buy a well-constructed home in an accessible spot—the kind of house that lenders call marketable. There are a couple of ifs: The borrower should be able to make a substantial down payment and accept a reasonable maturity.

• **Seat of Trouble**—Mortgage difficulties lie in another sector, the builders who have been coining money since World War II by slapping up dwellings on cheap land to meet the pent-up demand.

Things can be especially tough for a builder who has run up a development with construction loans—without bothering to make firm arrangements for the handling of the mortgages

needed to insure the sale of such homes at retail. This builder, when he seeks a lender to buy his customers' mortgages, may get as little as 93% or 94% of face value on the paper, if he can find a taker at all.

What has happened is that demand for loans—by government, business, and individuals—is getting into balance at last with the postwar supply of lendable money. The lender is in the



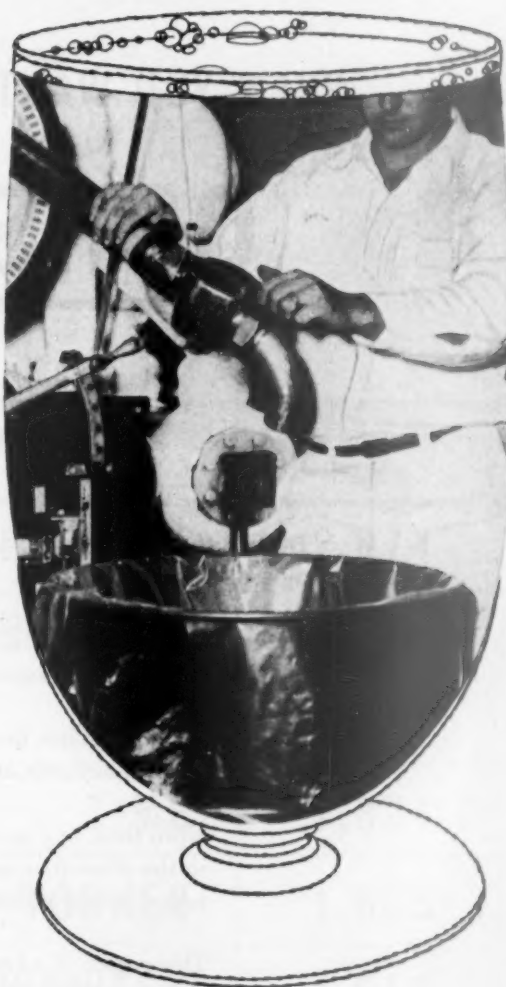
Top quality oranges vary widely in flavor as they are picked from the tree. Seasons and soils make a difference. Nature, it seems, never knew that you would demand an unvarying flavor in your favorite morning drink.

This posed a problem for the makers of nationally known Minute Maid fresh frozen orange juice. They whipped it by blending the product of many groves and different picking seasons into the even-flavored juice that reaches your breakfast table.

And VISQUEEN film helped solve the problem. VISQUEEN lines the 55 gallon drums used to store the concentrate until time for blending.

VISQUEEN is ideal for this purpose because it is unaffected by most acids, is strong and pliable even at 72 degrees below zero, is always uniform, 100% pure, tasteless and odorless.

The Minute Maid problem is only one of hundreds VISQUEEN has solved. Whatever your packaging, wrapping or protecting problem—a VISQUEEN converter will be glad to help. He's backed by the superior knowhow of The Visking Corporation in this field.



VISQUEEN®

IMPORTANT! VISQUEEN film is all polyethylene, but not all polyethylene is VISQUEEN. VISQUEEN film is produced by process of U. S. Patents No. 2461975 and 2632206. Only VISQUEEN has the benefit of research and technical experience of The Visking Corporation, pioneers in the development of pure polyethylene film.

VisQueen® film ...

a product of the VISKING corporation

World's largest producers of polyethylene sheeting and tubing
Plastics Division, Terre Haute, Indiana

In Canada: Visking Limited, Lindsay, Ontario

THE VISKING CORPORATION, BOX Y8-1410
Plastics Division, Terre Haute, Indiana

Please send names of VISQUEEN converters
in my area.

Name.....
Company.....
Address.....
City..... Zone..... State.....

WHEN YOU WANT TO INFLUENCE MANAGEMENT

consider these

During the first 6 months of 1953, advertisers and their agencies placed...

654 more pages in BusinessWeek than in any other magazine measured by Publishers Information Bureau.*

990 more pages in BusinessWeek than in any other general-business or news magazine.

More than half as many pages in BusinessWeek than in the other four leading general-business and news magazines *combined*.

This record of advertising achievement is the result of BusinessWeek's consistent ability to deliver your advertising to the men who initiate, specify and approve buying action... management men. BusinessWeek reaches more management men per advertising dollar than any other general, general-business or news magazine.

*P. I. B. does not include trade, industrial or technical publications

BUSINESS WEEK

330 WEST 42nd STREET, NEW YORK 36, N. Y.

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MEN WITH YOUR ADVERTISING

facts:

Record of Advertising Pages—First 6 Months 1953 <small>(Source: Publishers Information Bureau)</small>	Total Advertising Pages
BUSINESS WEEK	2,871
SATURDAY EVENING POST	2,217
LIFE	2,117
TIME	1,881
NEW YORKER	1,855
NEWSWEEK	1,519
U. S. NEWS & WORLD REPORT	1,275
FORTUNE	880

In 1953, as in every year, to reach the men who initiate, specify and approve major corporate purchases...

YOU ADVERTISE IN BUSINESS WEEK WHEN YOU WANT TO INFLUENCE MANAGEMENT MEN.

presenting
the finest of fine
tape recorders
—the new
2-speed portable
golden-tone
WEBSTER ELECTRIC
Ekotape

Styled by Brooks Stevens,
Internationally famed
designer



Newest of the new, finest of the fine—the incomparable Golden Tone Ekotape has everything! Rare beauty of design, fine-watch precision, unique operating simplicity and amazing richness of tone—all combined to a degree never before attained in a popular-priced tape recorder... See and hear it at your dealer's; if you don't find his name in your classified phone directory, write us.

WEBSTER ELECTRIC
RACINE WISCONSIN

"Where Quality is a Responsibility and Fair Dealing an Obligation"
WEBSTER ELECTRIC COMPANY, RACINE, WISCONSIN - EST. 1909

"... the demand has shown little sign of slackening this year..."

MORTGAGE MONEY starts on p. 52

driver's seat now; on home mortgages, he is demanding (1) larger down payments, (2) shorter maturities, and (3) higher interest.

Mortgage terms, as usual, vary throughout the nation. Some lenders are requiring 50% down, with the remainder covered by 4½%, 15-year conventional mortgages. Others want 30% down, the rest on 18-year mortgages at 5% or 6%. Comparatively few will buy the 4½ FHA and VA mortgages, except at a healthy discount.

• **Just in Case**—The lenders' desire for a higher return isn't the only factor that is tightening mortgage terms. There's a canny eye on the future, too. The lenders want to be sure that, if there's a downturn in the economy, the borrower will have plenty of equity in the property. By the same token, risks are now being screened more carefully.

Another aspect of the over-all lending picture has to be considered. Of late years, home purchasers have greatly topped any other group in the size of their demands for mortgage money. Last year new mortgages of \$20,000 and under on nonfarm residential units totaled two and a half times as much as new offerings of corporate bonds and notes. It is estimated that mortgage debt may have increased by \$9-billion during 1952, even after deduction for repayments.

The demand has shown little sign of slackening this year. Through April, reports the Home Loan Bank Board, some \$6.1-billion of nonfarm mortgages of \$20,000 or less were recorded, about 13% more than in January-April 1952.

Building and loans absorbed \$2.2-billion of these, 19% more than the year before and individuals and miscellaneous buyers swallowed up another \$1.2-billion, 9.5% more. Up, too, were the purchases of other traditional mortgage buyers. Commercial banks bought \$1.2-billion, 8% more than in 1952; insurance company buying was up 1% at \$474-million; and mutual savings banks purchases were 23% higher at \$371-million. And most authorities now think the home mortgage debt is apt to show a 1953 rise similar to that of the previous year.

• **The Sources**—Since the war, the biggest single source of mortgage money has been the building and loan associations (chart, page 52), with the loose grouping of "individuals and miscellaneous buyers" holding second place.

These two groups are expected to continue as major sources of money.

But the picture is likely to change among other top suppliers, such as the life insurance companies, the commercial banks, and the mutual savings banks. Money managers for many in these groups have admitted that they want no increase in their mortgage holdings, at least for the time being.

It's easy to see why. During World War II the mortgage holdings of all three groups dropped very low. Construction in those years was limited to wartime essentials. The supply of ordinary business loans was limited, too. And there was a war to be financed.

As a result, these big investors came out of the war with their portfolios jammed with government bonds that paid 2½%, or less. With peace, the groups swiftly returned to their normal function of supplying the new money needs of the general public. To get their earnings and their holdings back to "normal," the institutions bought mortgages on a broad scale. And to do this, they had to begin disposing of their oversupply of governments.

• **Taking Losses**—Now it looks as though the heavy buying to offset the wartime mortgage lag is about over. This in itself accounts in part for the increased choosiness in taking mortgages. For many institutions, there is another strong reason:

Institutions have been hesitant to take losses on governments in order to switch into realty loans since the recent decline in the price of Treasury bonds—and especially since the sale of 30-year 3½s in April. One savings bank official put it this way: "We think twice before we sell government 2½s at 93—bonds for which we paid par or more—in order to buy mortgages, even if the rate return is quite a bit higher. After all, there's a limit to the losses we can take without digging into our surplus."

A number of New York institutions are out of the market until 1954. One spokesman said his outfit had commitments for the rest of 1953, "many of them arranged before the price of governments fell off, and before VA and FHA rates were boosted by one fourth of 1%."

"We have to honor these commitments," he added. "Right now we plan no expanse in mortgage taking, no matter how attractive, until we can appraise both the VA-FHA rate boost and the future of U. S. bond prices."

In Washington there's a vociferous fight as to whether FHA interest should be raised again.

• **Still Building**—Meanwhile, new construction is continuing at top rates, with home starts heading for another over-1-million year (BW—Jul.25 '53,p29). More and more builders and mortgage brokers are hunting takers for the loans on these houses. Out of that

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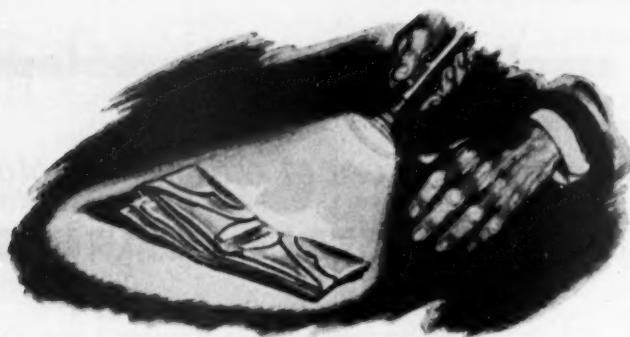
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EMPLOYERS MUTUAL FIRE INSURANCE COMPANY

"... some bargain hunters are actually hunting for GI paper ..."

MORTGAGE MONEY starts on p. 52

pressure comes the so-called tightness of mortgage money.

"It isn't exactly tightness, and it isn't general throughout the country," says one insurance official. "There is plenty of money to lend, particularly in the East. It's just that the institutions are back in a position to pick and choose."

To interest the sold-up institutions of today, a property must be of good quality, well located, clearly marketable. And the days of the 5%-down-25-years-to-pay mortgage are gone. The home buyer must be able to make a substantial down payment, and he must have income enough to maintain the property.

• **Discounts**—In New York City, you can feel the increasing selectiveness of banks, insurance companies, and other traditional mortgage buyers. Big institutions there are being bombarded with offers of loans at such substantial discounts as 6% and 7%. The offers come from mortgage brokers in parts of the South, Southwest, and West, who find no local demand for mortgage paper, especially GI loans.

One life company man says the report of mortgage tightness rises from the clamor over attempts to sell mortgages that aren't up to the grade preferred by the better institutions. "The moneymoon is over," he says, "for the builder who sells a batch of houses without finding a place for the mortgages."

Thus, the same brokers offering discounts down to 93 or 94 on GI mortgages are offering around 96 on FHA mortgages. That's because FHAs as a group are a better grade, backed by larger down payments. The GI mortgages at 41% and 44%—the ones that are going begging—are generally on VA loans for run-of-the-mill houses with down payments as little as 5%.

• **It Pays to Lose**—Some bargain hunters, it is said, are actually hunting for GI paper—and the poorer the property and the wider the discount the better. The reasoning is that when a GI mortgage goes sour the holder is paid off 100 cents on the dollar. If a GI mortgage, bought at 94, goes bad, the holder stands to make six points plus interest.

Meanwhile, quality is what the better institutions want in a mortgage. It's hard to say how long that situation will last. But no real easing of the standards seems in sight until there is a material drop in the demands for new money that flows in from all sides.

**INSIDE OR OUTSIDE,
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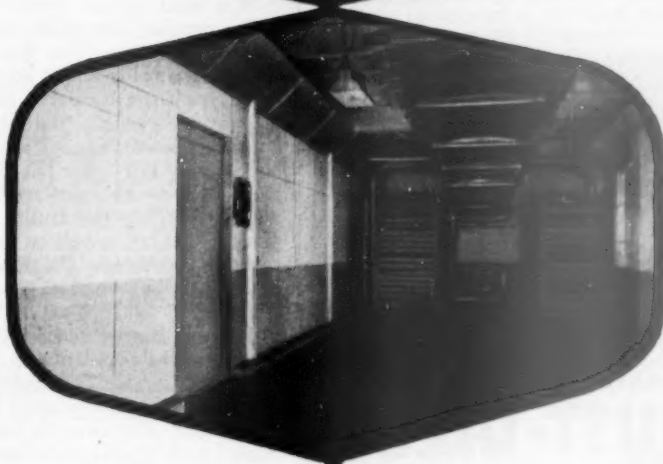
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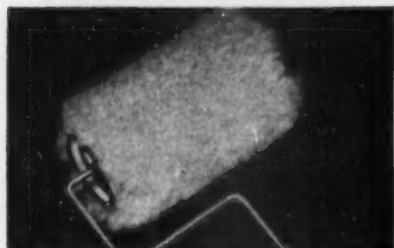
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Rash of Splits . . .

. . . continues despite the slackening of the bull market. Over 50 companies divide their stocks in first-half 1953.

Wall Street expected the 1949-1953 bull market to break out in a rash of stock splits. But rare was the prophet who foresaw the scope, or the duration, of the outburst.

What's more the trend to splits shows no sign of slackening, though the bull market has long since slipped out of high gear. So far, 1953 has been one of the busiest periods for corporate fissions.

More than 50 new stock splits were approved between January and June according to Standard & Poor's Corp. records of companies in which there is at least a fair amount of market interest. That's almost as many splits as were recorded in the whole 12 months of 1952—and yet 1952, as Standard & Poor's stresses, was itself a near-record period.

Intrinsically, of course, a split does nothing to enhance the value of the existing shares. It merely increases their number. Thus, in a 2-for-1 split, you end up with two half loaves instead of one full loaf.

It is other reasons entirely that make splits popular with both management and stockholders. For one thing, a split allows management to tone down—on a per-share basis—the size of earnings and dividends, and to minimize prospective increases. Most managements deny this factor has entered into their decision to split—and frequently they are telling the truth. But most traders tend not to believe them, which is a solid reason why the price of a split stock in a bull market generally goes higher.

• **Broader Base**—Probably the biggest reason for the popularity of splits is the desire to broaden the market interest by fragmenting the price of the expensive stocks. Management likes this because more stockholders mean more people plugging the company. Stockholders like it because the increased interest leads to higher prices.

Certainly, splits put shares within reach of more people. Take Sears, Roebuck, which split 4-for-1 in 1945. Without the split, a single share of Sears, Roebuck would now be selling at \$232, instead of \$58.

And without earlier splits, Allied Chemical would now be at \$207 instead of \$69, Eastman Kodak at \$210 instead of \$42, du Pont at \$380 instead of \$95, and Pittsburgh Plate Glass at \$192 instead of \$48.



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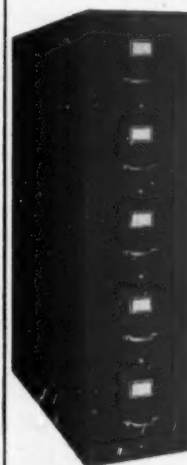
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FINANCE BRIEFS

Anaconda Copper Mining Co. has arranged to borrow \$65-million from insurance companies, on 4% notes due serially to 1978. And Chile Exploration Co., an Anaconda subsidiary, has hiked its parent-guaranteed bank loans from \$60-million to \$85-million. The interest rate on the added \$25-million is 3½%.

Borrowings by members of the New York Stock Exchange on collateral other than U.S. governments rose \$36-million in June, to \$14-billion. On June 30, 1952, the total had been \$925-million.

New issue underwritings for corporations in the first half of 1953 fell 9.4% behind the year-earlier mark. Investment Dealers' Digest estimates the total was \$2.9-billion in 1953, and \$3.2-billion a year before. Private placements, on the other hand, showed a 2% rise, to \$24-billion.

A. D. Julliard & Co., privately owned old-line textile house in New York, may soon become a division of United Merchants and Manufacturers, Inc., one of the biggest units in the textile field. It's reported that the deal is being discussed, via an exchange of stock.

Life insurance sales shot up 17% in the first half of 1953, setting a record. Life Insurance Management Assn. reports total policy sales of \$18.1-billion, compared with \$15.5-billion in the 1952 period.

Insurance companies, both fire and casualty, "fared extremely well in 1952," according to The Spectator, trade publication, which surveyed 1,063 companies. After-tax profits for the group were \$650-million, a rise of 32.6% over 1951. Net premium value of policies, at \$8.7-billion, was up 11%. Losses also rose, by 10%, but paying them took only 52% of 1952 premium income, compared with 53.5% in 1951.

Diesel locomotive makers are beginning to cut back production schedules as the nation's railroads approach complete dieselization. General Motors' electro-motive division in Chicago expects to be down to four units daily by next month, instead of the current seven and a half. Fairbanks, Morse & Co. reports monthly production down to 10-15, from last year's 18-20. American Locomotive Co. and Baldwin-Lima-Hamilton Corp. say their orders are declining.

Lindberg Engineering Co.
Engineering Dept.
Notebook #2, page 11

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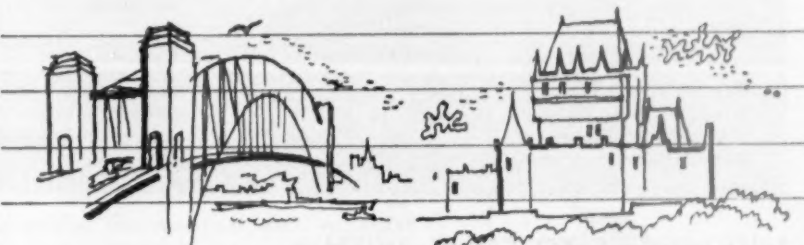
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MARKETING

Where Marketing Cases Stand Now:

[illegible]

AND WHAT'S TO COME, WITH A . . .

New Antitrust Policy Developing

With the competition for the consumer's dollar getting hotter and hotter, businessmen are more and more concerned about the government's attitude toward regulating marketing and trade practices. This area was the scene of some of the most sweeping and most characteristic measures of the New Deal. How far, businessmen ask, will the new team in Washington go in modifying the old policies?

As the table above shows, some answers on the Eisenhower Administration's position are coming up in bits and pieces soon. As they come along, businessmen will get some idea of what to expect.

• **Complete Study**—But it will be a long time before all of the loose ends

are wrapped into a neat package. The full-scale reexamination of goals and policies that the Administration plans will take at least two years (BW-Jul.4 '53,p29).

From what the Republicans have said and done in the Alcoa and oil cartel matters, it's clear they aren't trying to dump antitrust (BW—Apr.18'53,p29; Jul.25'53,p26). The big question marks still hang over specifics—fair trade pricing agreements, quantity discounts, basing points, mergers, truth-in-advertising, and others. It's on these points that businessmen are seeking indications.

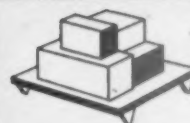
• **Trend**—The Justice Dept. and the Federal Trade Commission are deep in some of these issues, both in and

out of court. Those cases now before the new commission are bound to reflect the shift to a more conservative, business-conscious majority since the appointment of Chairman Edward F. Howrey (BW-Apr. 4 '53,p29).

Howrey intends to require more evidence and put less reliance on "preconceived ideologies." This could mean dismissal of the merger complaint against Pillsbury Mills, Inc. (BW—May 9 '53, p. 29). An FTC examiner has already recommended dismissal for lack of evidence.

Howrey's emphasis on giving the defendant the broadest leeway to justify his actions hints a possible dismissal of the charges against Doubleday & Co., Inc. The issue here is the same as

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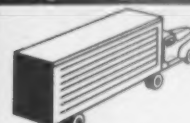
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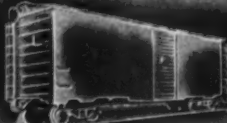
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in the Eastman Kodak Co. case: Is a manufacturer that has its own retail stores making "horizontal agreements" in violation of law when it signs fair trade price agreements on its products with other retailers? A price-fixing agreement between two retailers would be a "horizontal agreement."

That all will not be clear sailing for the business viewpoint, however, is indicated by the recent FTC decision in the case of three big spark plug makers—Champion Spark Plug Co., General Motors Corp., and Electric Auto-Lite Co.

Though FTC cleared the companies on a number of price charges, it told them to stop charging higher prices to some dealers for replacement plugs than to others, and told GM and Champion to quit making exclusive agreements with dealers selling their products.

• **Gone By**—Those cases already in the courts stand far less chance of being influenced by Administration ideas, however strong the desire might be to re-do some of them. Thus, Chairman Howrey, as a private attorney for Firestone Tire & Rubber Co., opposed the old FTC's rule in the Big Four tire case limiting shipments of tires on which producers can give quantity discounts (BW—Jan. 12'52, p126). But what effect his thinking can have on the case in the courts is a question.

Both Howrey and Republican Commissioner Lowell Mason disagree completely with revival in the National Lead Co. case of the "conscious parallelism of action" theory. That's the theory that mere existence of identical delivered-price systems used by different members of an industry amounts to unlawful conspiracy to fix prices.

But it's only if such cases are turned back to the commission for re-working that the new majority could amend them.

• **Long Term**—Other cases still pending before the commission—for example, the Eastman Kodak case, the Big Three soap makers, and Seagrams—will add a few more of the bits and pieces of the Administration's antitrust policy. But the policy as a whole—and what it will do to New Deal marketing legislation—is tied up with the long-term study by the national committee set up a few weeks ago by Attorney General Brownell.

That's one reason why lawyers are boning up on what an energetic law professor, S. Chesterfield Oppenheim, has written about antitrust. Oppenheim, who taught about 20 years in George Washington University's law school in the nation's capital and now teaches at Michigan University, was recently named co-chairman, with Antitrust Division Chief Stanley N. Barnes, to head

Attorney General Brownell's study committee.

• **Ideas**—A lot of Oppenheim's own ideas cropped out in the statement by Brownell announcing the decision to try to reconcile major conflicts in legal and economic thinking left in the wake of 20 years of the New Deal's zealous, broadside antitrust activity.

Oppenheim represents neither extreme current in antitrust thinking. But some of his published ideas would bring a totally new approach by government in controversial areas of antitrust and expand the idea of permitting a businessman to defend himself against antitrust charges.

• **Workable Competition**—Oppenheim advocates a policy of recognizing "workable competition" as the type and degree of competition to be protected by antitrust laws.

He takes into account the fact that perfect competition, like perfect monopoly, rarely ever exists out in the market place. He also recognizes that despite some monopolistic elements in a certain industry, the over-all characteristic may be competitive rather than monopolistic.

That would mean recasting the thinking that has been applied in some big antimonopoly cases—for example, the idea that control or a certain percentage share of the market, as in the United States Steel Corp. case, was enough to condemn the company; or that the existence of either the power or the intent to exclude competition or fix prices—in effect, bigness itself—was sufficient as in the Alcoa case.

Workable competition would amount to a case-by-case consideration of all the economic facts involved.

• **Rule of Reason**—A second foundation stone in Oppenheim's view of revised antitrust policy is the "rule of reason." He would make it the fundamental tool in applying the workable competition test to cases involving restraint of trade and exclusive dealing contracts, monopolies, mergers, and unfair trade practices.

The rule-of-reason approach, already endorsed by Howrey, would mean a case-by-case review of all relevant evidence that both government and the accused businessman could produce.

Under present court decisions and enforcement trends, the businessman is often caught by so-called "per se violation rules."

That was what happened in the Standard Oil of California case, where the Clayton act's ban against exclusive dealing contracts that "substantially lessened competition" was satisfied by proof that competition was foreclosed in a "substantial share of the commerce affected" (BW—Jun. 18'49, p21). At that time, Justice William O. Douglas in a sharp dissent held that the decision

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Now It's Soft Goods' Turn

First-half textile sales were good; prospects are better . . . Canned meat pie vies with frozen . . . King-sized smokes upset sales . . . A fur coat for the working girl.

Till recently autos and other hard goods have led the 1953 sales parade. Now it looks as though the textile business is having its own boomlet. It has had a good year so far—and it's talking rosily of better business yet. Fourth-quarter orders are holding up well; retail sales currently are topping last year's. Thus, apparel store sales for the first five months of 1953 ran 5.5% ahead of the same 1952 period. To some extent, too, the over-all department store sales gains of 5% for the period Jan. 1 to July 18 reflect the good news in soft goods. An early summer, new materials, and better blending may have helped.

Output figures below, in the July issue of Textile Organon, indicate the industry's optimism:

Broad Woven Goods Rise (1st Quarter Output)		
	(Millions of linear yards)	
	1952	1953
Cotton fabrics	2,381	2,609
Civilian wool & worsted	61	74
Govt. wool & worsted	26	11
Silk & silk mixture	9	12
Rayon & acetate	446	501
100% nylon	63	75
Other man-made fiber fabrics	29	39
TOTAL	3,015	3,321

In first-quarter production, all fabrics gained except wool—and waning government orders account for the down-trend here. Wool and worsted fabrics for the civilian market showed a very sizable 21% step-up. In cottons, duck was down, but print cloth and fine cotton goods gained handily.

• **Synthetics**—Among manmade fiber fabrics, rayon and acetate showed the smallest percentage gain. But 100% nylon goods climbed 19%. Other of the newer synthetics, while still only a small part of the total output, racked up a 34.5% gain. Among these the 100% glass fabric was a standout; output for the first quarter of 1953 was double the quarterly average output of 1951.

Textile Organon cites one peculiarity

in the textile field that has developed recently. Total output of blanketings in 1952 came to only 83.6-million linear yards. In 1939 the grand total for blanketings was 100.3-million. What's the answer? Better heating facilities, electric blankets, perhaps—and maybe the long stride forward in the battle against the moth.

Canned Pot Pie

In the absence of a fairly large home freezer, the housewife quickly runs into a space problem when she sets out to stock up on frozen food. Such limitations might well prevent her from laying in a few rainy-day dinners for her family. For instance, she might want to buy a half dozen frozen chicken pies, frozen fish, or a frozen duck. But she doesn't have the freezer space.

Trenton Foods, Inc., of Trenton, Mo., is out to take advantage of just such a situation. For the housewife with limited freezer space but adequate shelf room, it has started to market a new food product called Dinner Time Beef Pot Pie. The pie is canned right in its own pie pan. All the housewife has to do is remove the lid with a can opener, and pop it into her oven.

With mass production just getting underway, Dinner Time is spreading fast. Most of the big supermarket chains are beginning to carry it in Los Angeles, Chicago, Denver, Dallas, and elsewhere. One pie is supposed to serve two to three people, sells for around 69 cents.

King-Size Pattern

A midyear look at the cigarette market reveals that for Liggett & Myers Tobacco Co. (Chesterfield and Fatima) king-sizers aren't proving the magic elixir the company was looking for.

Not that the long smokes aren't selling. Estimates put kings at 25% of the Chesterfields sold. But the company reports that second-quarter over-all sales are under sales a year ago: \$140-million as compared with \$147-million. Main reason for the dip: Chesterfield kings were introduced in June, 1952, and inventory filling boosted second-quarter and third-quarter sales considerably.

There are indications that besides this familiar slump that follows pipeline filling, Chesterfield retail sales are

off, too. Considering that cigarette prices were hiked last winter, dollar volume should be up if unit sales are going anywhere as well as last year. Observers estimate that Chesterfield unit sales will drop from last year's 68-billion (BW—Dec.27'52,p41) to about 62-billion this year.

For Liggett & Myers, there's one consolation. Second-quarter net profits surpassed 1952's—\$5.7-million to \$5.2-million.

• **Others**—Two other companies are at earlier stages of the king-sizer market shake-up. Philip Morris & Co., Ltd., Inc. second-quarter sales were slightly under those for 1952: \$77-million as compared with \$78-million. The Philip Morris king-sizer came out last December, and the inventory-filling process went on all winter.

P. Lorillard Co., which brought out its king-sized Old Gold this past spring, is still in the flush of the inventory-filling stage. Second-quarter sales boomed: \$68-million as compared with \$55-million in 1952.

The question is: Will Old Gold sales stay up after distribution lines are stocked up with king-sizers or will they follow the path of Chesterfield and Philip Morris?



Poor Man's Mink

Some experts in the fur field think that a prime reason for depressed fur sales is too much emphasis on mink and the income group that can afford mink (BW—Jun.6'53,p58). They say that the working-girl market has been neglected by this mink-mindedness.

Michael L. Jalkoff, president of New York's Jalkoff Furs, Inc., thinks he has a coat for this middle-price market. Last summer Jalkoff brought out guanaquito, a middle-price fur similar to nutria (BW—Apr.26'52,p50). This sum-

mer he is introducing a new development: a sheared and tinted Norwegian fox. The furs are available in a range of styles from stoles through full-length coats. In reaching for the middle-price market, Jalkoff is emphasizing price—a three-quarter coat will sell for \$375-\$450 plus tax as compared with \$1,250-\$1,500 for a three-quarter in nutria—and weight, 4½ lb. for a full-length coat as compared with the usual 8 lb. or more.

If the Jalkoff furs catch on they'll have a second effect on the market: bailing out the fox industry, which has been in the doldrums for years.

MARKETING BRIEFS

More price increases: Two television set makers have announced higher price tags. Philco has raised prices by \$10 on five sets, and Admiral has upped the prices on its 1954 line by \$20 to \$40 per set. These follow other appliance price hikes (BW-Jul.25'53,p25).

The American Marketing Assn. will soon have its first permanent executive director. Neil Borden, new president of the association, has appointed a special committee, which hopes to suggest a candidate by Sept. 1.

Do-it-yourself is getting promotional pressure from two companies. White Sewing Machine has launched its "Sewing on a Silver Platter" campaign, which enables customers to rent a White machine—\$10 for two months with a sewing course thrown in. The \$10 may be credited towards a new machine. . . . Delta Power Tool has announced its "Tool-at-a-Time" plan. The Deltashop, once available only as a single unit, will be offered in four separate packages: circular saw and basic stand; jointer-planer; drill press; sander.

Flour and food producer, General Mills, is moving further into the small appliance field. This fall it will bring out a food mixer, a grill-waffle baker, an automatic coffee maker, and an automatic fry-cooker. Like its present line of toasters, irons, and steam iron attachments, the new items will carry the Betty Crocker label.

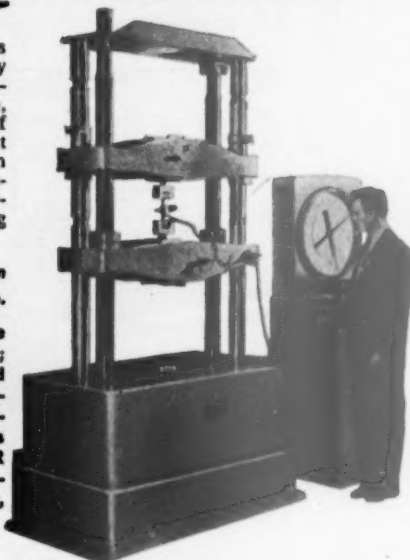
Operation Modernize is what Store Modernization Institute calls its traveling trade show, to go on the road next fall. It will be a smaller edition of the big show in New York's Madison Square Garden last June (BW-Jun. 20'53,p143). Some 30 manufacturers are exhibiting equipment in the traveling edition. Store owners, architects, bankers in 33 cities will see it.

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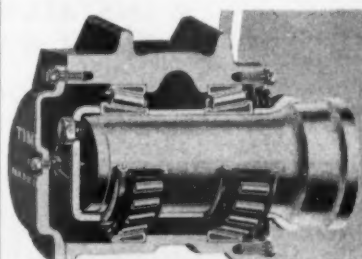


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INTERNATIONAL OUTLOOK

BUSINESS WEEK

AUG. 1, 1953



The Eisenhower Administration moves onto slippery diplomatic ground now that the Korean truce has been signed.

It was hard enough getting our allies to back U. S. policy in the Far East while we carried the lion's share of the Korean fighting. But with the shooting over, it may be impossible to keep policy differences from dividing the West.

The fact is that Far Eastern policy is a red-hot political issue not only in the U. S. but also in Britain. That, of course, complicates Washington's and London's ability to maneuver.

The first big test will come at the special session of the United Nations General Assembly. (It starts Aug. 17.) It's this session that fixes the agenda for the upcoming Korean political conference.

There's bound to be a move, probably by Russia, to include the question of U. N. membership for Red China. U. S. support for Chiang's regime on Formosa will come up, too.

The U. S. delegation, of course, will say no on both counts. Anything else would involve the Administration in a political rumpus here at home. There would be charges of "appeasement."

The real problem is whether Washington can get a majority in the Assembly to back its position. And that will depend on how Britain and France vote.

Apparently Secretary of State Dulles thought he had tied these two countries down at the recent foreign ministers' meeting in Washington.

But since then the U.S. position has stiffened some. And meanwhile the political demand for concessions to Red China has been growing across the Atlantic, especially in Britain.

In fact, it's not just the Laborites who are demanding a change in relations with Red China. British business is pressing hard for a relaxation of restrictions on China trade.

It's possible that the British will try to make a deal with Washington before or during the U. N. session. They may say, "We will go along for the time being in opposing U. N. membership for Red China if you will promise to keep Chiang's Nationalist forces frozen on Formosa."

However, that's the kind of assurance the Administration won't give now. It would leave Eisenhower wide open to attack from a large group of Republicans and Democrats.

London commodity marts took the end of Korean fighting calmly—and optimistically. Traders think they see widening Communist markets for sterling raw materials over the horizon.

The key commodities (rubber, tin, jute, sisal, copra) are well below pre-Korea prices; only wool is above. There's been a steady decline since the peak two years ago.

Now the market reckons that the commodities may gain more from an expected increase in exports to the Soviet bloc than they will lose through decreasing defense demands.

Any way you look at it, Western European businessmen are determined to trade more and more with the Communist world.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

AUG. 1, 1953

For the longer-term trade outlook, you'll find British officials and economists nervous. The ogre is a familiar one: the threat of a dip in U.S. business activity.

Some think our production and employment may drop substantially—anywhere from 10% to as much as 20%—under the impact of defense cutbacks.

If U.S. imports dropped just 10%, say these bearish Londoners, the dollar problem would grow critical again. And it would upset, among other things, British plans for sterling convertibility.

The Czechs are fishing in troubled Bolivian waters. They've sent a mission to La Paz with orders to purchase tin, lead, and copper.

The Prague group says it wants to buy \$2-million worth of the metals as a starter; the Bolivians would get desperately needed agricultural machinery in return. Only time will tell whether it's a firm bid for a trade agreement, or merely another propaganda gambit.

Volkswagen works will start building cars in Brazil soon. It's the first Western Hemisphere manufacturing operation for the big German auto maker (BW-Jul.11'53,p106).

Right now, a Brazilian outfit is assembling some cars from imported parts. But import restrictions, plus what VW regards as a potentially huge car market, has convinced the management to tackle a major manufacturing investment.

Brazilians will put up 20% of the initial capital. VW will supply the rest—plus bank credit, machinery, building plans, and experts. The Germans are talking about producing 1,000 autos and small trucks monthly within two years.

Italy is in for a period of political instability.

That looked inevitable (BW-Jun.13'53,p159) when Premier de Gasperi's center coalition failed to win a clear majority in the recent elections. The proof came this week when the Chamber defeated de Gasperi's new government, which he drew entirely from his own Christian Democratic party.

The opposition came from the Communists and leftwing Socialists, on the one hand, and the Monarchists and neo-Fascists, on the other.

Now it looks as though another Christian Democratic leader will try to form a government with the Monarchists. But it's hard to see how such a coalition could last long.

Iran's Premier Mossadegh is adept at the cat-and-mouse game. But now U. S. experts think he's in danger of switching roles—from that of the cat to that of the mouse.

Mossadegh has been gobbling up the opposition at a great rate. But now his own national front seems to be crumbling.

That leaves the Communist Tudeh as the one solid political element in Iran. And it seems as if Mossadegh is trying to rebuild his position around the Reds.

Washington is watching with helpless anxiety; there's little it can do to stem the gradual, undramatic disintegration in Iran. It fears that a Communist Iran is more a threat than ever.



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After Korea: What About Indo-China?



The cease-fire in Korea leaves Indo-China as the one spot in the world where the cold war is being fought out on the battlefield. After six years the costly war that France has waged against Ho-Chi-Minh's Communist guerrillas is still stalemated.

As things look now, though, the military stalemate in Indo-China can't go on much longer. With the fighting stopped in Korea, pressure will mount in France for a negotiated settlement with Ho-Chi-Minh. The popular reaction to the Korean truce in Paris was: "Good! and now Indo-China." Probably the majority of French politicians was thinking the same thing.

Not that the fighting is over in Indo-China. The past few weeks have seen stepped-up French attacks—even a spectacular parachute drop behind enemy lines (picture). The war may well grow more bitter and bloody this fall, when the good weather returns.

But that will be just when the Laniel government is facing a showdown with the National Assembly over French financial problems. By that time Laniel, or any other premier, may have no choice but to try for a negotiated settlement in Indo-China.

• **Peking Role**—Of course, nobody in the West knows yet whether Ho-Chi-Minh would be willing to talk peace or whether he would rather gamble on total victory. A lot will depend on how Peking wants to play it. This will become clearer at the post-truce political conference on Korea, where Indo-China is bound to come up. Meanwhile the Chinese Reds reportedly have stepped up shipments of arms to Ho.

• **Terms**—It's not hard, though, to guess at Ho's minimum terms. He will want a withdrawal of French forces, and Communist representation in a coalition government in the state of Vietnam. Experts agree that no other basis for a negotiated settlement exists in Indo-China. Certainly, the vague battle lines and big patches of Communist-held territory all over the country rule out a Korea-type partition.

A coalition government in Vietnam probably would mean a Communist-dominated regime within a relatively short time. The movement that Ho leads—strongly nationalist as well as Communist—still seems to be the most dynamic political force in the country. Ho is a skillful intriguer. He would be backed by the Red Chinese army just across the northern border, while the French army would be 8,000 mi. away.

• **Threat**—A Communist regime in Vietnam would have no trouble taking over the two other Indo-Chinese

states—Laos and Cambodia. It could bring strong pressure on the whole of Southeast Asia. That's why both Washington and Paris so far have refused officially to consider negotiations with Ho-Chi-Minh.

• **Choice**—But for the French there are only two alternatives to a negotiated settlement:

• Go on fighting on the present basis until forced to withdraw in disorder. Given the political mood in France today, this doesn't seem likely.

• Fight to win in the shortest possible time. This, of course, is what the U.S. would like France to do. But for France it would involve two terribly difficult decisions—one military and one political. Also it would involve a lot more financial help from the U.S. than the Eisenhower Administration may be able to get from Congress.

I. Military Cost to Win

On the military side, a "fight to win" program would mean a new and aggressive approach to the Indo-Chinese war. Such a plan has been tentatively drafted by Gen. Henri Navarre, commander of French forces in Indo-China. It calls for:

(1) Pulling a French regular division out of Germany and sending it to Indo-China;

(2) A speedup in training of the pro-French Vietnamese troops;

(3) An extra \$300-million in U.S. military aid.

It will be tough, if not impossible, for the Laniel government to sell such a program to the National Assembly or to the man in the street.

• **Drain**—The French feel they have spent more than enough on Indo-China—\$3.6-billion through 1952, or more than the total of U.S. aid since the beginning of the Marshall Plan. And direct military expenditures don't tell the whole story. Until the recent devaluation of the Indo-Chinese piaster France subsidized the Indo-Chinese economy in a big way by maintaining an artificially high piaster-franc exchange rate.

But it isn't just the economic cost of the war that bothers the French. They're thoroughly fed up with the endless struggle 8,000 mi. away. It has inflicted 135,000 casualties (48,000 killed) on French and Vietnamese forces. Class after class of graduates from Saint Cyr—the French West Point—have been mowed down almost to a man. Officer casualties in 1952 were 568 as against 550 St. Cyr graduates.

II. Political "Must"

Even if France could make up its mind to increase the war effort in Indo-

China, there would still be a difficult political decision to make. No military strategy will end the war unless the conflict can be turned, in effect, into a national war by getting all-out support from anti-Communist Indo-Chinese.

That means giving the country the kind of independence India has within the British Commonwealth—including the right to control its army, currency, foreign relations, and the vital right to withdraw from the French Union.

French Vice-Premier Reynaud is pushing for such a scheme now. In fact, Reynaud wants to transform the whole French Union, including North Africa, into something like the Commonwealth. But Reynaud is opposed by Foreign Minister Bidault and by strong financial and industrial interests in France. The fact is that such a move would reduce the French economic stake in Indo-China to the vanishing point.

True, many U.S. officials argue that France could still maintain its economic control of the country or at least as much economic influence as the British have today in India. But that looks like a dubious proposition. Reluctance of France to give up its colonial privileges has already built a backlog of bitterness in Indo-China. A half dozen powerful French firms, led by Banque de l'Indochine, still control all the banking, transportation, communications, power, rubber, and most of the rice market in the country. And these firms make a tidy profit out of it.

• **Unlikely**—In any case, such a fundamental decision on French colonial policy probably can't be made quickly under present political conditions—though the alternative might result, in the end, in the same economic loss. So there are political as well as military reasons why the French are practically certain to reject a "fight to win" policy in Indo-China.

Once it is rejected, pressure for talking peace with Ho may become irresistible—even though an armistice would almost certainly end in Communist control of Indo-China.

• **Tough**—If this happens, Washington will be faced with a really tough decision. U.S. officials think of the loss of Indo-China and the threat that would bring to the rest of Southeast Asia in strategic terms. They don't relish the idea of losing Indo-China and jeopardizing the neighboring area that produces over half the world's tin and nearly all its natural rubber.

Yet the time may come before too long when the only alternative to a negotiated settlement would be for the U.S. to take over in Indo-China as we did in Greece in 1947. And that just isn't in the cards.



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WALGREEN executive Emmet White shows drawing of new Mexico City building. It's...

A Chain Plus Personality

Lavish new building is one sign of how U. S. drug chain is prospering after taking over and preserving the unique qualities of Sanborns in Mexico City.

Six years ago Walgreen Co., the drug chain, bought a controlling interest in Mexico City's venerable Sanborns drugstores. The deal, apparently, is paying off: The Sanborns-Walgreen team has just opened a four-story, \$5-million super drugstore next door to the new U.S. embassy building on Mexico City's swank Paseo de la Reforma. As a drugstore, it's unique to Mexico—and probably to the United States as well.

The store is a milestone in the history of the first Latin American venture by a major American drug retailer. Marketing men are likely to search for comparisons with the experience of Sears, Roebuck & Co., which entered Mexico about the same time Walgreen did.

But there's a difference to note: Sears came to Mexico cold, and only after a flurry of troubles and adjustments settled down to make money and—incidentally—revolutionize Mexican merchandising theories (BW—May 9 '53, p168). Walgreen entered Mexico on a

somewhat smaller scale, bought a going operation, and made changes in it only very slowly.

• **Control**—In 1947, Walgreen plunked down \$2-million for a controlling and operating interest in Sanborn Hermanos S.A.—three retail outlets and a manufacturing operation. You could hardly call it a gamble on Walgreen's part: The Mexican company was then over 40 years old, and as much a municipal institution as a business. The main store—a drug operation in name only, since the restaurant, gift shop, and silver shop account for almost two-thirds of sales—has been doing business at the same corner for 32 years. The other two branches, in the capital's Hotel Del Prado and in Monterrey, aren't quite as old—but they're fast becoming institutions, too.

Since it took over, Walgreen has been pretty successful. Emmet White, who has been with Walgreen's for 24 years as head of its eastern division and in other management positions, and who now runs the Mexican operations, won't

say just how successful. But financial circles in Mexico City figure he's just about doubled Sanborns' gross. That would mean the three stores are now doing a business of \$3-million to \$4-million a year.

• **Sign of Prosperity**—You don't need financial statements to tell that Walgreen is doing O.K. The new building is a sign in itself. The structure, built by a big-time Mexican real estate operator and leased to Sanborns on a rent plus profit-sharing basis, cost nearly \$2-million; and Sanborns has spent \$3-million to decorate, furnish, and stock it.

The building, along with some space Sanborns has rented on the first floor of the embassy next door, has 98,000 sq. ft. of floor space. That would be a lot of space for just a drugstore, but, true to the Sanborns tradition, it's more nearly a department store. Besides the drug department there's a restaurant, a soda fountain, a bakery, a silver shop, a ladies' accessories shop, sundries and cosmetics departments, and a Mexican arts and crafts shop. And it has one thing Sanborns has never had before and something that's rare to even the most all-inclusive U.S. drugstore—a plush cocktail lounge.

• **No Change**—To Mexicans the new store will be just another addition to the Sanborns they've known for years. Walgreen hasn't changed the name, it has religiously kept the flavor of the highly stylized Sanborns operation. The waitresses still wear the same Mexican costumes, they still bring each customer a free cup of coffee the minute he sits down, and the strawberry shortcake that Sanborns claims is the biggest in the world is just as mammoth as ever.

The story of Sanborns goes back to 1903, when Walter Sanborn, a Californian who had just received his pharmacist license, got the wanderlust and took off for Mexico. He found a job in a small apothecary shop run by an old German named Schmidt in Mexico City, then a small city of a couple of hundred thousand people compared to the 3-million today. The job soon came to an end over the issue of whether a small advertising placard in the window would violate professional ethics. Sanborn said it wouldn't; the boss said it would.

• **Branching Out**—Sanborn then called for his brother Frank and they opened their own shop. At first it was strictly a drugstore. But soon the brothers started to serve lunch to their employees so as to control their siesta time. It was only a step from this to serving sandwiches to regular customers. And in 1910 the brothers sent to the States for a small, square soda fountain that they proudly placed in the middle of the store.

At this fountain, Sanborns served the first ice cream ever seen south of the border. Mexicans took to it in a big way. They've been eating it ever since and it is a common Mexican dessert today.

In 1914, during the revolutions that swept Mexico, their store was smashed by soldiers and the brothers Sanborn had to evacuate their American employees. But the brothers stayed, managed to continue some sort of business, and became used to Mexican soldiers asking for such things as "an ice cream soda flavored with the blood of a gringo."

In 1921 Sanborns moved into a bigger store in the middle of the city in a famous old building called the House of Tile, which had just been vacated by the Jockey Club.

• **At Luncheon**—Sanborns is still there today, and some 10,000 to 15,000 people a day pass through its doors. In its main dining room each day can be found the editor of Mexico's most distinguished daily newspaper, government officials, a covey of businessmen. Each has his regular table; it's possible many do more business at Sanborns than in their offices.

It's a lot more than a coffee club, to be sure. Sanborns sells more drugs than any other retailer in Mexico; the same goes for the silver shop; and, in addition, Sanborns boasts the biggest Mexican craft shop.

There's a neat manufacturing operation, too, turning out U.S. products under license—like Dorothy Gray cosmetics, Hinds Honey & Almond Cream, and Johnson's Wax. Also Sanborns packs several other products for wholesale distribution, including Cutex, Listerine antiseptic, and Maybelline eye shadow. And it has a candy plant manufacturing Sanborn chocolates and candy bars, which are sold in retail stores throughout the country under Mexican names.

All in all, Sanborns has afforded Walgreen a handy entree into the Mexican market. And while Walgreen executives won't say, they may be thinking of expanding elsewhere in the country. As for the rest of Latin America, there's a rumor going around Mexico City that Walgreen is looking farther south—to a possible drugstore operation in Rio de Janeiro.

The Pictures—Bill Clinkscales—31; Joern Gerdt—28, 29, 30; Int. News—74; Herb Kratovil—66, 68; Dick McConaughy—cover; McGraw-Hill World News—76; U. S. Air Force—40, 41; U. S. Army—41; U. S. Navy—40, 41.

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Atom Lab for Switzerland

Twelve nations get together on a nuclear project near Geneva . . . Venezuela quits joint shipping enterprise . . . Tax loophole closes . . . Bridging the Bosphorus.

Within the year, a new \$28-million laboratory will begin building in Switzerland, to take its place beside Chicago's Argonne National Laboratories and Long Island's Brookhaven installation as a research center devoted exclusively to the care and feeding of the atom.

What's more, it's a pooled operation, a sort of atomic Schuman Plan with 12 nations footing the bill and supplying several dozens of scientists. A convention setting up the European Organization for Nuclear Research was signed last month in Paris. It will become effective when ratified by seven of its backers—Switzerland, Denmark, Sweden, Norway, the Netherlands, France, West Germany, Britain, Greece, Italy, Belgium, and Yugoslavia.

• **No Secrets**—It will take seven years to complete the lab, 4 mi. outside of Geneva. The research will be purely nonmilitary, and there will be no secrets. The lab will have no atomic pile nor will any high-energy materials be produced; instead, scientists will confine themselves to basic studies of the nature of atomic particles. The organization hopes that Geneva will become a training ground for young physicists, and it expects to encourage give-and-take cooperation on nuclear research among all countries.

Whether Geneva will get much cooperation from the U.S. government is a moot point. Right now the mood in the U.S. is against any exchange of atomic knowledge—nonsecret as well as secret. As for Moscow, it has already tried to balk the plan. The tiny, but noisy, Swiss Communist Party managed to force a referendum on whether the lab should be allowed on Swiss soil. The Reds lost overwhelmingly.

Venezuela Quits

National pride and years of wrangling moved Venezuela this week to pick up its ships—six of them—and quit Flota Mercante Grancolombiana, the unique three-nation shipping line owned by Venezuela, Colombia, and Ecuador.

The line was formed after the war to break what the partners called "exploitation" of northern South America sea lanes by foreign flag operators—the U.S., for example. It has been nursing a big expansion program, both in hulls and in routes to U.S. and Canadian ports.

Venezuela's defection won't put the line out of business. Panama says it is interested in joining. Meanwhile, Venezuela's ships will still be calling on U.S. ports, under the government's Venezuelan Line, which is expanding, too.



Dowling in the N. Y. Herald Tribune

No More Loophole

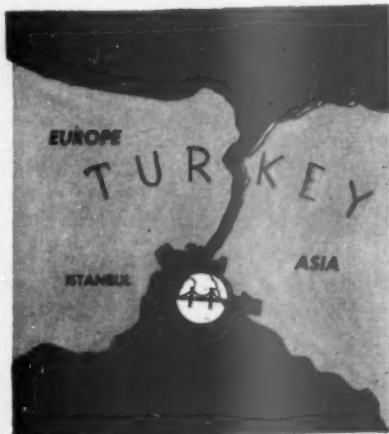
The "Gary Cooper tax law" is doomed. Last week the House of Representatives voted to plug the movie stars' tax loophole; this week the Senate Finance Committee concurred, paving the way for a Senate vote before adjournment.

The law in question allows Americans to escape federal income taxes on money earned abroad during a stay of 17 months in any 18-month period. The provision wasn't designed for Hollywood's use, but movie stars were the major beneficiaries.

People like Gary Cooper, Humphrey Bogart, Gene Kelly, and various others found they could go to Europe or Africa, do a picture or so, then bask in sunny tax immunity on the beach at Cannes. For some, it was the beginning of a tidy fortune. But the flight from income taxes got too much notoriety. Congress acted.

The Senate committee inserted a \$20,000-a-year ceiling on income that could be earned abroad without tax obligation. Senators believe no self-respecting movie star would condescend to work for a paltry \$20,000 a year, yet

engineers and government men who are needed abroad would still get a break. That was the original purpose of the law.



A Krupp Bridge to Asia

The idea of a bridge across the swift running Bosphorus, linking Europe and Asia at Istanbul, is as old as Alexander the Great. Nothing has come of it yet. But last week, West Germany's resurgent Krupp empire submitted what is perhaps the firmest bid in history.

Krupp's bridge-building division told the Turkish government that it can put up a 4,550-ft. suspension bridge (the Golden Gate's 4,200 ft. is the longest single span in the world) for \$65-million. It's a four-year job, say the Krupp engineers.

• **Can It Pay?**—Financing, rather than engineering, looks like the major difficulty to overcome. The Turks would probably have to seek some foreign capital if they decide to go ahead.

U.S. engineers who have looked over the possibilities think the job is probably feasible. The costs will be heavy, perhaps more than the Krupp estimate; the channel is deep, the current is strong, and the span must be high to accommodate the flow of Bosphorus shipping. Some wonder if Turkish auto and pedestrian traffic, for which Krupp has designed the bridge, will be enough to make it a paying proposition.

Until now, traffic has been carried by a flotilla of ferryboats, lighters, every conceivable kind of small craft. Many projects have been studied—for tunnels as well as bridges. Now the Turks, in a mood of growing national confidence, may be ready to go ahead.

Bridge or no, it's worth noting that it was a West German firm that got the inside track on the proposal. German engineers have been grabbing off an increasing number of Middle East contracts in the past two years.

BUSINESS ABROAD BRIEFS

Chile says it might sell its future copper output at the world price (now about 30¢) instead of the 35.5¢ it now asks. But there's a hitch: It won't unless the U.S. pays 35.5¢ for 65,000 tons of copper that Chile has on hand.

Denver rainmaker Irving Krick extended his cloud seeding activities to the Middle East. Israel awarded his Institute of Aerological Research a three-to-five-year contract at \$78,000 a year to increase rainfall during the winter rainy season on the Negeb desert.

Arrow shirts will be made in Colombia under a licensing agreement between Arrow International division of Cluett, Peabody & Co., Inc., and Industria Colombiana de Camisas. Reason for the new setup: Colombia has banned shirt imports to protect home industry. Arrow, with 5% to 10% of its sales overseas, plans similar arrangements in other countries with import barriers.

Swiss Oerlikon subsidiary, Oerlikon Tools & Arms Corp. of America, set up a business machine division at its plant near Asheville, N. C. For the present, it will promote a market for Oerlikon's Resulta adding machine; later it will make or assemble the machines.

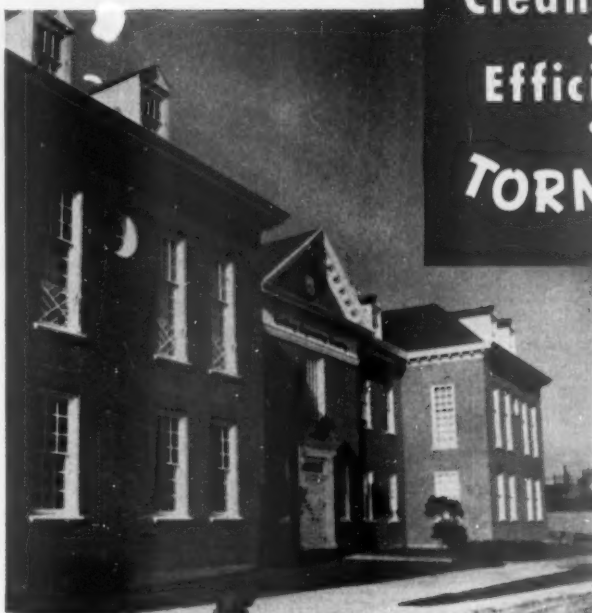
Japan's lower house passed a bill revoking the nation's occupation-inspired antimonopoly act so that the prewar zaibatsu cartels (Mitsui, Mitsubishi, Sumitomo, for example), can get back into business. If the upper house goes along you'll see a big speedup in corporate mergers, already the rage in Japan (BW-Mar.14'53,p164).

Payment on prewar German dollar bonds is a step nearer. West Germany appointed National City Bank of New York and J. P. Morgan & Co., as depositories for validation of the bonds. Registration procedure for the 100,000 Americans who hold \$370-million of the bonds will be announced late next month.

Plastic money: A Japanese company has come up with a proposal to print currency on vinyl film. It hopes to sell the idea to Southeast Asian countries where high humidity rots paper and cloth. It says Japan, Burma, and Thailand have already expressed interest.

United States Rubber Co. plans a tire factory at Cali, Colombia. It's to open in the fall of 1954 with a yearly output of 100,000 U. S. Royal tires. Cia. Croydon del Pacifico, of Colombia, will help build and operate the plant.

BUSINESS WEEK • Aug. 1, 1953



Cleanliness
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Did you ever see a manufacturing plant that looks like a colonial mansion? That's the Lindberg Engineering Co. in Chicago where even the window grills are authentic copies from Jefferson's Monticello. Inside, you would see that pride in appearance is carried out in pride of workmanship. Spotless housekeeping creates an atmosphere where people want to be businesslike and efficient.

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Write for Bulletin 600



Tornado makes light work of cleaning the entrance lobby at Lindberg Engineering Co.



Tornado speeds cleaning of refractory and insulation dust during production of this Lindberg heat treating furnace.

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Motor Repair Shop Foreman Finds KLIXON Protectors A Big Advantage

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"We have seen so many cases where a seized bearing or starting switch failure would have caused a motor burnout but was prevented by a Klixon motor protector that we feel they are definitely a big advantage."

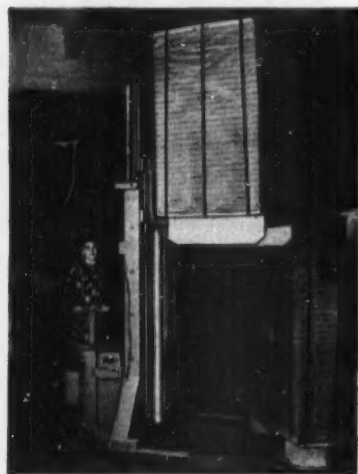
The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer-preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with KLIXON Protectors.



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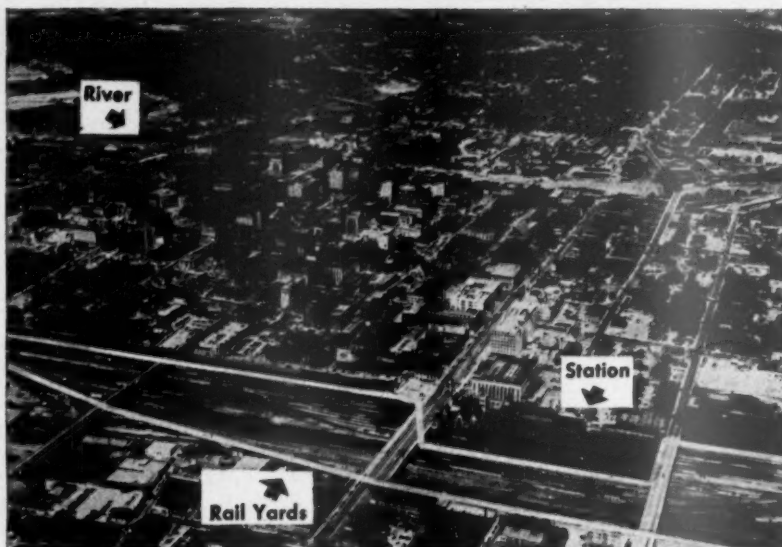
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LOCAL BUSINESS



Room to Expand

NASHVILLE—For years, any real expansion of Nashville's business district has been effectively prevented by the Cumberland River, which hems it in on one side, and by 48 acres of railroad yards on the other (picture). Nothing much could be done about the river, of course, but removal of the rail yards remained an ever-present possibility. Now that possibility is about to be realized.

The Louisville & Nashville RR and its affiliate, the Nashville, Chattanooga & St. Louis Ry., have announced plans to move their terminal switching yards to the city's outskirts and thus make the downtown area they now occupy available for commercial and industrial development.

The switching yards occupy 36 acres; the other 12 are used by passenger tracks, leading to Union Station. These will remain, but will be bridged over to allow development of this area, too. The railroads do not plan to finance the \$100-million redevelopment themselves; instead, they will sell or lease the property and airspace rights.

Watch That Red Light

SACRAMENTO—States that are strapped for sources of revenue (and which aren't?) might take note of the new one California has just uncovered. Last week Gov. Earl Warren signed into law a bill that imposes a tax on traffic fines.

Back in 1947, California started a program requiring every high school

pupil to complete a driver-education course before graduation. Recently the educators in charge of the program decided it would be much more effective if the students could get some road experience behind the wheel of a real car. The legislature agreed; then came the question of how to finance it.

The new tax is the answer. Under it, traffic offenders are assessed an extra \$1 for every \$20 of fine or fraction thereof; also, \$1 for each jail sentence. The proceeds are earmarked for expansion of the driver-training program.

Plans But No Money

CHICAGO—Chicago likes to refer to itself as the port city that links the Great Lakes with the inland waterways of the Mississippi Valley. The truth of the matter is that the channels linking the two are utterly inadequate for any real volume of water-borne commerce.

Seven years ago Congress recognized Chicago's dilemma, and authorized a project designed to break the bottleneck. This involves widening and deepening the Calumet-Sag Channel, which leads from the south end of Lake Michigan to the Chicago Sanitary & Ship Canal.

Only trouble is, Congress has never appropriated any money even to start the work. And Chicago is tired of waiting patiently. So a committee of 16 top-flight business leaders, headed by Wilfred Sykes of Inland Steel Co., has been organized to push for action. They hope to get Congress to make an initial appropriation of \$20-million of the estimated \$96½-million total cost of the project.



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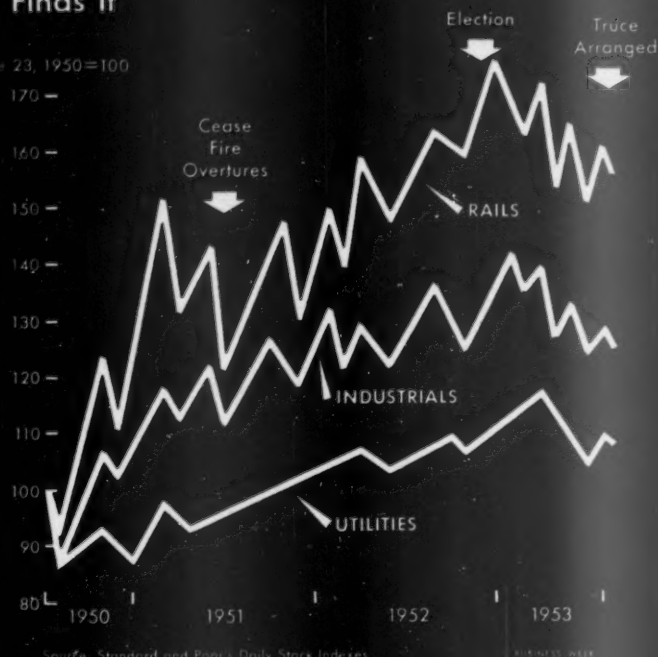
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THE MARKETS

The Korean Market: Where The Truce Finds It

June 23, 1950=100



Source: Standard and Poor's Daily Stock Indexes

BUSINESS WEEK

Peace Brings No Scare

Wall Street bulls have been predicting for quite a while that the formal announcement of a Korean cease-fire would not kick stocks out of bed. They reasoned that the market had long since adjusted to the then unsigned truce, that it rarely discounts anything twice.

For a change, the bulls were right. • **Drab Showing**—Still, the bulls' victory was hardly one they could boast about. The armistice brought no very notable performances.

Some holders of war stocks seemed to feel that earlier drops had not fully discounted the event. Rather sharp weaknesses showed up in prominent aircraft issues. Rails, chemicals, and metal commons were also soft.

For individual stocks, losses substantially outnumbered gains in the trading early this week. On Tuesday 84 issues—8% of all those traded—sank to their 1953 lows. Among them were many earlier bull market favorites, including Anaconda Copper, Bendix Aviation, Chrysler, Firestone Tire & Rubber, General Dynamics, General Motors, International Telephone & Telegraph,

Kennecott Copper, Kern County Land, Montgomery Ward, New York, Chicago & St. Louis, and Northern Pacific.

As for trading volume, it continued its recent bad habit of expanding when prices were dropping, and shrinking as soon as values started moving up.

• **What's Next?**—The future is strictly obscure. Even the bulls are not straying far out on the limb for their near-term predictions, though they feel some hopes.

The bullish reasoning is this: For the time being, Korea is dead as a potent bear factor in the market. Hence, the investors and traders who have been perching on the sidelines may suddenly get interested in the high dividend rates and the extraordinarily good first-half earnings reports that are flooding in (page 26), and therefore begin to buy.

The bears say this is wishful thinking, that today's high earnings and dividends won't lure back the people who have been deserting the market in droves. The bears' view is that the earnings and dividends reflect the past. What potential buyers really want to know is how

things will be six months and a year from now. People won't become active stock buyers until their present fears for the future have definitely been exorcised.

• "Pros" Wary—These fears aren't confined to run-of-the-mill investors and traders. A surprising number of "pros" share them, at least in part. Many pros

see big market risks in the heavy goods industries that serve both consumer and nonconsumer. As a result, when they have to buy stocks, they have been concentrating their buying on shares in nondurable consumer goods—especially electric utilities, retail trade, food, and tobacco. But even here they have been picking and choosing.

The Recent Bond Market Rally: a Cross Section

Moody Rating	Recent New Offerings	Offering Date	Offering Price	Recent Level	Per Cent Change
A	Alabama Power 4½s, 1983	May 1953	102.17	104.25	+2.0
A	Arkansas Power & Light 4½s, 1983	June 1953	101.36	103.62	+2.2
A	California Elec. Power 3½s, 1983	April 1953	101.34	100.50	-0.8
A	J. I. Case Co., 3½s, 1978	Feb. 1953	100.00	97.00	-3.0
AAA	Commonwealth Edison 3½s, 1983	July 1953	100.00	100.00	-0.0
AAA	Consol. G. El. Lt. & Power 3½s, 1983	June 1953	102.24	105.00	+2.7
AA	Consol. Edison (N. Y.) 3½s, 1983	Feb. 1953	102.25	99.50	-2.7
AA	Consumer Power 3½s, 1983	July 1953	101.25	101.62	+0.4
AA	Detroit Edison 3½s, 1988	April 1953	102.43	104.62	+2.1
A	Diamond Alkali 3½s, 1978	Feb. 1953	97.50	97.50	0.0
A	P. Lorillard 3½s, 1978	April 1953	99.20	103.25	+4.1
A	Montana Power 4½s, 1978	May 1953	101.91	104.87	+2.9
AAA	New York Telephone 3½s, 1984	June 1953	102.65	104.50	+1.8
AA	Pacific Gas & Elec. 4s, 1984	May 1953	101.78	104.62	+2.8
A	Washington Gas Light 4½s, 1978	June 1953	101.82	105.75	+3.8

Moody Rating	"Seasoned Issues"	1952 Close	1953 Range High Low	Recent Level	1953 Loss Maximum Now
U. S. GOVERNMENTS					
...	3½s, 1978-83	*100.00	100.31 98.50	100.16	1.5 +0.2
...	2½s, 1967-72 (Dec.)	95.44	95.75 89.87	93.06	5.8 2.5
...	2½s, 1964-69 (Dec.)	96.31	96.75 90.87	93.56	5.6 2.9
...	2½s, 1962-69	97.75	98.00 92.06	94.87	5.8 2.9

CORPORATES					
AA	American Tel. & Tel. 2½s, 1986	88.37	88.87 80.50	85.50	8.9 3.2
A	Appalachian El. Pow. 3½s, 1970	101.75	102.37 96.12	99.50	5.5 2.2
AAA	Atch. Top. & Santa Fe 4s, 1995	119.25	120.25 106.00	111.50	11.1 6.5
A	Bell Tel. of Pa. 5s, 1960	110.50	111.50 107.00	107.50	3.2 2.7
A	Bethlehem Steel 2½s, 1970	95.87	96.00 88.00	93.00	8.2 3.0
AA	Borden Co., 2½s, 1981	98.75	98.00 91.00	94.00	7.8 4.8
AAA	Boston Edison 2½s, 1970	96.12	96.62 91.00	94.75	5.3 1.4
AA	Buffalo Niagara El. 2½s, 1975	94.62	94.25 89.00	90.25	5.9 4.6
BAA	Celanese Corp. 3s, 1965	98.50	98.37 91.87	92.75	6.7 5.8
A	Chesapeake & Ohio 3½s, 1996	100.12	100.50 89.00	93.50	11.1 6.6
A	Chic. Burl. & Quincy 3½s, 1985	96.00	97.50 90.00	90.00	6.3 6.3
BAA	Cities Service 3s, 1977	96.25	96.50 86.50	90.50	10.1 6.0
AAA	Commonwealth Edison, 2½s, 1999	91.12	91.38 82.25	83.50	9.7 8.4
AA	Consol. Edison (N. Y.) 2½s, 1982	93.25	93.62 83.62	88.25	10.3 5.4
AA	Consumer Power 2½s, 1975	96.75	96.50 89.50	92.37	7.5 4.5
A	Continental Bakery 3s, 1965	99.87	99.87 93.87	94.00	6.0 5.9
AA	Dayton Pow. & Light 2½s, 1975	95.50	95.62 87.00	90.50	8.9 5.2
AA	Dow Chemical 2.35s, 1961	96.00	96.50 93.50	94.87	2.6 1.2
AAA	Duquesne Light 2½s, 1977	95.06	95.25 88.00	91.00	7.4 4.2
A	Gulf States Utilities 2½s, 1976	91.50	92.00 84.25	87.00	7.9 4.9
...	Household Finance 2½s, 1970	95.75	95.75 90.00	90.00	6.0 6.0
AAA	Kings County E. L. & P. 6s, 1997	160.75	161.00 150.00	150.00	6.7 6.7
AA	May Dept. Stores 2½s, 1972	93.00	94.12 88.62	88.62	4.7 4.7
BAA	Michigan Consol. Gas 3½s, 1969	104.25	104.50 96.00	98.62	7.9 5.4
AA	Mountain State Tel. & Tel. 2½s, 1986	89.37	89.75 83.00	84.00	7.1 6.0
A	National Dairy 2½s, 1970	96.25	96.50 91.00	92.12	5.5 4.3
AA	National Steel 3s, 1996	101.75	101.25 93.87	96.75	7.7 4.9
AAA	New York Telephone 3½s, 1978	102.00	101.87 94.25	96.62	7.6 5.3
AAA	Norfolk & Western 4s, 1996	120.12	120.75 105.62	109.62	12.1 8.7
AA	Pacific Gas & El. 3s, 1979	98.25	97.75 87.50	94.00	10.9 4.3
AA	Shell Union Oil 2½s, 1971	92.50	93.00 87.00	91.62	5.9 1.0
AAA	Socony-Vacuum Oil 2½s, 1976	92.25	92.50 85.50	89.37	7.3 3.1
AA	Southern Cal. Edison 3s, 1965	101.62	101.62 96.12	99.62	5.4 2.0
A	Southern Counties Gas 3s, 1971	98.00	98.00 90.50	94.25	7.7 3.8
BA	A. G. Spalding 5s, 1989	92.00	93.00 83.00	83.00	9.8 9.8
BAA	Sunray Oil 2½s, 1966	94.00	95.12 90.00	90.00	4.3 4.3
AA	Swift & Co., 2½s, 1972	92.75	94.75 87.00	89.37	6.2 3.6
AAA	Union Pacific 2½s, 1991	87.87	88.62 79.50	82.50	9.5 6.1
AA	Virginia Ry. 3s, 1995	93.00	93.75 83.50	85.12	10.2 8.5
AA	Westinghouse Elec. 2½s, 1971	96.62	96.62 88.75	90.62	8.1 6.2
A	Wheeling Steel 3½s, 1970	100.50	101.75 95.25	96.50	5.2 4.0

N.B. All prices are actual sales or bids. * Sold in April 1953.



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LABOR

AFL & CIO: Ripe for a Reshuffle?

- Both groups—CIO more than AFL—face potentially serious internal problems.
- Leadership is in flux, and unions are jumpy about it. They won't balk at crossing from one national group to another, if it means more security.
- Key man in the situation is John L. Lewis.

A new labor alignment seems to be shaping up. Nobody can say for sure what it's going to look like, but most agree that it will be the death of CIO.

The ferment in labor's inner circles today is unmatched by anything since the mid-1930s, when John L. Lewis set up CIO in defiance of his AFL colleagues.

And now the fascinating possibility is that CIO's creator, Lewis, will speed its dissolution by supporting anti-Reuther forces within both CIO and United Auto Workers. Similarly intriguing, Dave Beck of AFL's powerful Teamsters may play a major—perhaps a leading—role in any realignment.

• **No Dirge, Yet**—Actually, it is too early to sing dirges over CIO as an organization. It is still plenty alive, and vigorously protesting all reports that it is no longer the sound and healthy organism it was a year ago. But serious troubles are boiling deep inside it.

Despite their statements to the contrary, Walter Reuther and United Steelworkers' president David McDonald—without question the two most important figures in CIO—do not fit into leadership harness together. McDonald envies Reuther's mind and energy and personal magnetism; he despises what many in CIO call Reuther's "double-domed" philosophy.

Reuther has taken extreme care to see that McDonald or one of his people is represented on every committee and at every meeting dealing with CIO matters. So far, McDonald has gone along with most of Reuther's program, although he in no way sympathizes with it.

It comes down to this: Reuther shrewdly recognizes a need for McDonald's support, and McDonald has not yet felt strong enough to break with CIO's president.

• **Schism**—With this top-level division, uncertainty has extended down into the small unions of CIO. Many side with McDonald, distrusting Reuther—particularly now that he is talking unity with AFL. The small unions fear they

might be parceled out in merger negotiations.

Some small CIO unions are already trying to negotiate their own terms for amalgamation with AFL unions. Others, with past craft ties, may shift, intact, from CIO to AFL without waiting for unity terms.

• **And AFL?**—The situation within AFL is healthier by far. The Federation isn't ailing—it's thriving, with growing membership, influence, and prestige. Still, cracks are appearing. George Meany, AFL's new president, has a potential opposition.

Dave Beck, the Teamsters' new and aggressive president, is fast moving to the fore in labor leadership. In less than a year in office, he has set the Teamsters off on the biggest union organizing crusade since the growth period of CIO.

• **Rebellion**—Meany recognizes a rival in Beck—if not for AFL's presidency, at least for a dominant voice in its policies. As Reuther has done with McDonald, he has sought to enlist Beck's support. But he's having trouble making it stick.

When Meany and Reuther were busy drawing up a no-raiding agreement, Meany cleared it first with Beck and got what now appears to have been a tongue-in-check O.K. Before the pact could be put into final form, Beck had ignored it by grabbing off an important part of CIO's Brewery Workers.

Reuther protested angrily from abroad. Meany failed to chide Beck publicly although he had said specifically that such a step as that taken by the Teamsters should be forbidden.

• **John L.'s Role**—Why is Reuther worried despite his angry denials? And why, in AFL, is Beck now getting the kid-glove treatment? The answer is John L. Lewis.

Lewis has no use for Reuther. He has found it galling to watch the red-head preside over the biggest province in the labor empire Lewis created—the United Auto Workers in CIO—and preside over it without the slightest nod

of appreciation toward its creator. The more successful Reuther has been, the more embittered Lewis has become—and the readier to collaborate behind scenes with Reuther's foes.

McDonald, on the other hand, has always been a Lewis admirer, properly awed and respectful. What then is more natural than Lewis backing McDonald to destroy Reuther—even at a cost of destroying CIO?

And Lewis—equally antagonistic toward Meany—feels that he has an ally in Beck. The Teamsters chief wants Lewis included in unity talks (Meany, particularly, insists he shouldn't be), and he has shown an aggressiveness in organizing with an others-be-damned attitude that Lewis finds pleasing. If in building up Beck he could also tear down Meany, Lewis would be doubly pleased.

• **How It Appears**—How could this be accomplished?

One suggestion is that Lewis might return to CIO and, with McDonald and the small-union bloc, soon depose Reuther. This is hardly likely to happen. Even McDonald's allies in CIO would view a move to bring back Lewis as a mission of destruction; it might boomerang against the sponsors.

Another possibility is that Lewis, McDonald, and Beck might boycott any unity negotiations that ignored Lewis—and might set up the beginning of a third labor federation. This, too, is unlikely. Beck prefers to operate within AFL.

A third suggestion is far more plausible. Beck might sponsor Lewis' return to AFL—with the promise that McDonald's Steelworkers (1.2-million members) would move into AFL along with the mine union. Under such circumstances, AFL would swing the door wide open for the miners' boss.

• **Breakers Ahead**—Obviously, whatever happens must affect management. There is little possibility that labor's internal troubles will be ended, and solidarity achieved, through any coup d'état. What lies ahead, if power plays develop, is turmoil for employers.

And any strong triumvirate of Lewis (coal), McDonald (steel), and Beck (trucking) would be portentous for the nation, politically and economically. Lewis and McDonald are in a position to shut down large segments of the nation's industry; Beck's ability to do the same thing is growing (page 88). Put them all together in any tight alliance and the possibilities are ominous.

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INTERNATIONAL TRUCKS

Standard of the Highway

handling. The committee suggested many possibilities, and Bott began putting them into effect in 1952.

• **Short Cuts**—Instead of formal conferences, which take time to set up, field people now use quicker informal talks with parties—and often the telephone—to speed things up. Hearing dates are set and notices are issued by regional offices on the basis of phone calls from an examiner in the field, without waiting for him to come in and file his formal report. If the regional office decides, from the subsequent report, that the hearing should not be held, the notice is canceled and the case is dismissed.

These and other short cuts both by

board and by general counsel so speeded the handling of representation cases that Congress voted NLRB \$700,000 in fiscal 1953 to launch a three-year program to do a similar job on unfair-labor-practice cases.

The board's new chairman, Guy Farmer, has some ideas on how the life of an NLRB case can be further shortened. For one thing, he wants to require lawyers who object to a trial examiner's findings in an unfair-labor-practice case to specify precisely the points on which they think he erred, designating the pages in the case record on which the points can be found. The board can then confine its reading to those pages.

THE LABOR ANGLE

Reaction to the Armistice

IN LABOR CIRCLES, as elsewhere, the long-anticipated Korean armistice had been discounted in advance. Its actual occurrence swerved no union from a course it was already pursuing nor influenced any union in important policy decisions. From the Midwest and in New York City, two small strike settlements were announced as being engendered by the good feeling that, in a quiet way, pervaded the whole land. But there was every indication that the issues in those strikes had been settled over the weekend, and tying in the announcement with the Korean news was contrived to catch a headline.

For all practical purposes, the Korean war ceased being a factor in labor relations when the Eisenhower Administration ended the life of the Wage Stabilization Board shortly after coming to Washington. Free collective bargaining has prevailed since then. Nor did the White House allow the continuation of the war to influence it to intervene in a number of strikes that could have been represented as handicapping our war effort.

BUT TO REASON that the armistice will have no effect—because nothing immediate nor on the surface has changed—could be misleading. If the armistice is the real end of hostilities for the U.S., there will be a profound change in union psychology, with consequences affecting the labor-management equation.

Bear in mind that the traditional and ever-prevailing attitude of or-

ganized labor is what has been characterized as "scarcity consciousness." It is this overriding concern with the limit on the number of jobs there are and how long they will last that has made U.S. unions frantic to write union shop contracts that restrict available jobs to union members, and to develop and enforce restrictions on output. It is this scarcity consciousness—or, more cogently, this "depression psychology"—that impels Walter Reuther to demand that the auto industry quit making so many cars now in order to leave itself an assured market for next year.

In a period of flourishing industrial activity, kept at a high level by international tensions and war, the unions' depression psychology recedes, somewhat, into the background. It does not influence so preeminently a union's policies and demands. Now, however, it will begin to reassert its dominance.

IN ITS SIMPLEST TERMS this means that employers may now begin to face a new wave of union determination to provide spread-the-work plans, job security programs, output restrictions, and job controls designed to keep all but loyal unionists out of plants.

Beyond that, depression fears triggered by a Korean peace will almost surely result in labor leaders' interesting themselves more in management affairs, and we may see revived the old battle over what is and what is not a "management prerogative."

A return to peace will create new problems on the labor front.



A safe, drop forged wire rope clip designed and developed by Laughlin. It's foolproof, can't be put on upside down like ordinary clips, and makes your expensive wire rope last longer. Costs you less because fewer clips are needed.

These are
products for
GOOD
management

To protect your men and equipment, this Laughlin designed safety hook should be used for almost every hoisting or lashing application, from 1/2 to 20 ton loads. Available in 3 patterns, the latch locks the load for maximum safety.



Save time and money with this "easy on—easy off" grab hook. Your men just slip the pin through chain link, insert cotter. No welds, no cold shutting. And it's stronger than proof coil chain. Use for emergencies, chain assemblies, repairs. Also clevis slip hooks.

These are just three of many Laughlin *exclusives*, designed and made only by Laughlin, and sold through reliable industrial distributors. They are part of a full line of over 1500 types and sizes of first quality drop forged wire rope and chain fittings—the most complete line made.

Wherever you use
wire rope and chain fittings
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Truck Tieups . . .

. . . mean plants shut down, too. Contractors and construction workers in three cities found that out recently.

Three important trucking strikes this week focused new attention on the paralyzing effects of distribution tieups. They reemphasized the fact that, when AFL teamsters stop driving their trucks, work slows down and eventually comes to a halt.

In St. Louis, Local 682 of the teamsters' union, representing 550 drivers, struck three months ago in a dispute with 35 employers in the Ready Mix Dealers Assn. The stoppage shut off prepared-concrete deliveries, and, as of last weekend, had idled 27,000 construction workers and blocked an estimated \$100-million in building.

In Kansas City, a settlement raising pay 10¢ to 12½¢ an hour (with additional increases of 2½¢ to 5¢ an hour in 1954) ended a similar walkout of AFL drivers of concrete and building-materials trucks after 10 weeks. The strike had idled 22,500 building craftsmen.

In New York, a strike of 1,800 drivers who deliver sand, gravel, and ready-mix concrete was in its third week. The city's big construction industry was hard hit; 100,000 building workers were idle.

• **Unrelated**—Although the three big strikes involved similar groups of teamsters and employers, there appeared to be no direct connection between the stoppages. Issues were different in the three cities. Wages were at stake in Kansas City. In St. Louis, a wage dispute was complicated by a union demand for a minimum rental rate for owner-operator trucks on subcontractor work. And in New York, a leadership squabble and a union demand that a driver be assigned to one truck only—instead of being required to shift to a loaded ready-mix truck on arrival at the loading yard with an empty—tied up wage bargaining.

• **Same Effort**—The real similarity in the three stoppages was in the impact: the way work was forced to shut down as a result of suspended deliveries.

Contractors nationally were particularly concerned over this—but employers in other industries also found something to worry about in the situation. Industry depends a lot on trucking for a flow of supplies into—and goods out of—plants, warehouses, and stores. Obviously, what had happened in disputes between the teamsters and ready-mix employers in three cities could happen just as easily in other industries,

What's Happening to the Cost of Living

	Total Cost of Living		Food	Clothing	Housing	
	1947-49 =100	1935-39 =100	1947-49 =100	1947-49 =100	Total 1947-49=100	Rent Only
June, 1947	94.2	157.5	94.3	97.1	93.3	92.6
June, 1948	103.1	172.4	106.0	102.9	101.2	100.2
June, 1949	102.0	170.6	101.1	99.5	102.7	104.8
June, 1950	101.8	170.2	100.5	96.5	104.9	108.7
June, 1951	110.8	185.2	112.3	106.6	112.3	112.7
June, 1952	113.4	189.6	114.6	105.6	114.0	117.6
July	114.1	190.8	116.3	105.3	114.4	117.9
August	114.3	191.1	116.6	105.1	114.6	118.2
September	114.1	190.8	115.4	105.8	114.8	118.3
October	114.2	190.9	115.0	105.6	115.2	118.8
November	114.3	191.1	115.0	105.2	115.7	119.5
December	114.1	190.7	113.8	105.1	116.4	120.7
January, 1953	113.9	190.4	113.1	104.6	116.4	121.1
February	113.4	189.6	111.5	104.6	116.6	121.5
March	113.6	189.9	111.7	104.7	116.8	121.7
April	113.7	190.1	111.5	104.6	117.0	122.1
May	114.0	190.6	112.1	104.7	117.1	123.0

June, 1953 114.5 191.4 113.7 104.6 117.4 123.3

Source: U.S. Bureau of Labor Statistics.

BLS' index is now on a revised basis. It is linked to the interim-adjusted index for December, 1952, to form a continuous series (1) in terms of 1947-49=100; and (2) using a 1935-39=100 base. The former (1) is the fully-revised index BLS plans to continue beyond 1953. BLS will also issue its unrevised "old" index for the first six months of 1953, for those having escalator contracts.

C-of-L: 4th Rise in a Row

Bureau of Labor Statistics monthly cost-of-living figures rose in mid-June to a record 114.5% of 1947-49 average costs (BW-Jul.25'53,p25)—and union pressure for higher wages followed inevitably.

The c-of-l increase in June—the fourth in a row—resulted in only a few scattered raises under "escalator" contracts, mostly in aircraft and glass industries. Major contracts linking wages and living costs—in automotive, electrical manufacturing, and transportation industries—weren't affected.

However, the index rise to 114.5% was enough to indicate a 1¢ pay increase Sept. 1 for auto workers, and 2¢ if the present index movement (up 0.5% in one month) continues and the mid-July figure is 114.8% or higher.

Recent wage settlements of 7¢ to 8¢ an hour (BW-Jul.11'53,p122) were based, according to rubber and other unions now negotiating on wages, on a productivity increase and rises in c-of-l to mid-May. The unions contend that any further increases in living costs since then should be reflected in bigger raises.

Looking ahead to a total increase of 2¢ or more in living-cost "bonus pay" before fall, union sights are now set

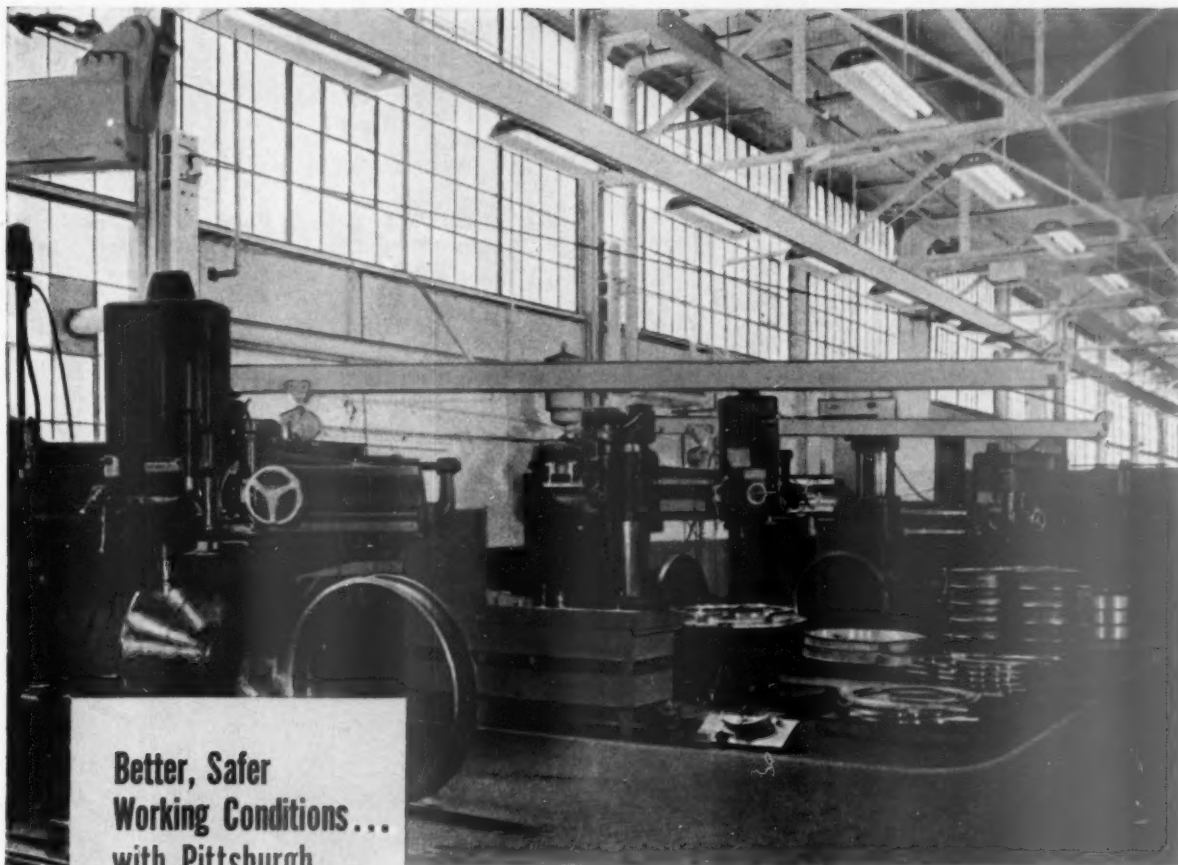
on getting increases of 8¢ to 10¢ an hour, instead of the earlier pattern of 7¢ to 8¢ raises.

LABOR BRIEFS

A 4% raise, averaging about 9¢ an hour, is the settlement pattern in wage bargaining between the Oil Workers International Union (CIO) and nearly all major oil companies.

There's labor dissension behind the Iron Curtain, George Meany, president of AFL, said on his return from an international labor conference in Stockholm this week. Meany said free unions had decided to set up a substantial fund to aid insurgent unions in East Germany and Soviet satellites.

White-collarites employed by Westinghouse Electric Corp., and represented by the Federation of Independent Westinghouse Salaried Employees, are receiving, in general, increases ranging from \$5 a month up to \$18.60 or 4½%, whichever is higher. Nonunion groups of Westinghouse salaried workers are getting the same amounts.



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Choice of right colors for walls, ceilings and machines improves workers' morale, reduces housekeeping and accident hazards in modern plant of largest manufacturer of pneumatic clutches and brakes.



FAWICK

*Trade Mark Reg.

Airflex

Fawick Airflex Division, Federal Fawick Corporation plant in Cleveland, Ohio, looks clean, bright and pleasant three years after being painted according to COLOR DYNAMICS.

THE THREE-YEAR experience of Fawick Airflex with Pittsburgh COLOR DYNAMICS adds convincing proof that wise and careful use of color is a profitable investment that benefits both management and workers.

● The Fawick Airflex Division of the Federal Fawick Corporation is the largest manufacturer of pneumatic clutches and brakes for all types of industrial machinery.

● This plant was painted according to COLOR DYNAMICS early in the summer of 1950. Morale-building colors with high light reflectance were used on ceilings and upper walls, making the entire work area brighter and more cheerful. Eye-rest colors were used on lower walls to lessen eye fatigue. The machinery was painted with focal and eye-rest colors

to permit the operator to see his job better. Safety colors were applied on operating controls, mobile equipment and traffic lanes to increase safety.

● No better summary of the satisfactory results that were achieved can be made than this comment by R. S. Huxtable, President of the Federal Fawick Corporation:

● "COLOR DYNAMICS has raised efficiency and productivity in our plant. Also, we are certain that the improvement in morale and in our relations with the working force has fully justified our selection of COLOR DYNAMICS. Being proud of their pleasant surroundings, our employees help to keep their work areas clean. This simplifies housekeeping. Moreover, we have been most pleased with the way Pittsburgh Paints have held up."

Get a FREE Color Engineering Study of Your Plant!

● Painting your plant according to COLOR DYNAMICS costs no more than a conventional maintenance job. Why not investigate what this modern system of putting color to work will do in your factory or office? Send for our free book which explains what

COLOR DYNAMICS is and how it works. Better still, call your nearest Pittsburgh Plate Glass Company branch and ask to have a representative give you a color engineering study of your plant, or any part of it, without cost or obligation. Or mail this coupon.

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J&L'S HIGH-SPEED ELECTROLYTIC TINNING LINE AT ALIQUIPPA, PA. In this mill, a new kind of tin plate, known as "differentially coated tin plate," is produced. This tin plate is usually made with four times as much tin on one side as on the other . . . thus saving as much as 45% on strategic tin.

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Famous for the protection and convenience it provides, the "tin" can is America's most dependable package. And tin plate—thin sheets of tin-coated steel—used in making tin cans, is a highly developed product.

Special techniques and intricate machinery have been developed to produce tin plate to meet the exacting requirements of can makers and food packers.

An example of this modern development is J&L's new electrolytic tinning line. It coats at higher speeds and closer tolerances than were thought possible only a few years ago. It is another example of progress with industry—a tradition at Jones & Laughlin Steel Corporation.

J&L stands ready to meet the challenge of tomorrow!

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PERSONAL BUSINESS

BUSINESS WEEK

AUG. 1, 1953



Start thinking now about your fall contributions to charity. Wise decisions on whether to give cash or property can mean considerable tax savings. You may be doing the charity a favor, too.

Keep in mind that property gifts are deductible at their fair market value at the time of the gift. That's your key in determining whether to give the property itself—or the proceeds from it.

Thus, if the property's present value is above its cost to you, give the property itself. Otherwise—if you sell and give the proceeds—you'll have to pay a capital-gains tax.

But if the cost is above present value, it's usually best to sell and donate the money. That way you can take a capital loss—and a deduction for the contribution as well. Here's an example:

A man paid \$5,000 for stock that is now worth \$20,000. If he sells it, he has a capital gain of \$15,000—and a tax of \$3,900. But if he contributes the stock itself, he gets a charitable deduction of \$20,000 (assuming, of course, that this amounts to no more than 20% of his adjusted gross income).

And he has to pay no tax on a capital gain.

Say the situation is reversed—the stock cost \$20,000, is today worth only \$5,000. Now he should sell the stock, contribute the proceeds. Here's why:

A contribution of the stock brings only a \$5,000 charitable deduction—its present market value. But if he sells the stock, he can take a capital loss as well as the \$5,000 deduction.

Here are some of the many other methods of giving:

- **Life insurance.** You can take a deduction for the value of a policy fully signed over to the charity. But the charity must be irrevocably named as beneficiary and be assigned all other rights. If you retain any sort of ownership, you will lose the deduction.

Once the policy is completely assigned, you can also deduct all premium payments you make thereafter.

- **Real-estate gifts will often save you tax money:** You can get a deduction at the present market value.

This is particularly favorable if you own property that may fluctuate sharply over the next few years. By giving it to charity, you avoid the risk of loss that may come from future decline in values. And if it increases in value, the charity can sell it at no tax cost to you.

- **Buying bonds from the charity.** Some charities "borrow" money by issuing bonds on which they pay you interest—as an inducement to get operating funds. But generally the loan becomes an outright gift: The only way the buyer can get a deduction is to give the bonds back to the charity. By doing this on a yearly basis, he gets an annual deduction.

- **Personal foundation.** You may be able to make a vast improvement on the efficiency of contributions through this method. You can give funds

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

AUG. 1, 1953

to your own foundation to get your charitable deduction in the year most favorable—tax-wise—to you.

The foundation can hold on to a reasonable amount of the funds. It can accumulate the income, use the money in years when it will do the most good.

A personal foundation also is one way to handle the avalanche of charity requests. Simply pass them on to the foundation.

Many charities are geared to arrange life-income contracts. This gives you some kind of deduction—and assures you an income as well. Here's how it works:

You have \$100,000 to give, but you want the income during your life. So you give the \$100,000 to the charity, which pays you interest at the rate earned by its general fund.

After you die, the principal remains with the charity with no strings attached. But you take a deduction, actuarially computed, the year you make the gift.

Hot weather is the time to patch up holes in an asphalt driveway. If you let them go, you'll soon have to repave the whole drive. And you may need new tires, as well.

Patching is an easy job—one you can do yourself. For around \$2, you can get a ready-mixed patching material of small crushed rock and asphalt. Most building-supply yards—even some hardware stores—carry it.

First clean loose material from the bottom of the hole; get down to solid matter. Put in a few large stones, fill in spaces around them with cinders or crushed rock or gravel.

Now fill the hole to within 1 in. of the top with patching mix (make sure it's loose and crumbly). Drive a shovel in and push it about to remove air pockets. Tamp firmly (you can use a two-by-four), then fill hole so that mix is about 1/2 in. above the surface. Driving your car over it will compact it further.

You can keep the asphalt from sticking to shoes or tires by spreading sand over the patch, working it into the surface by hand.

Retirement is getting to be more and more of a problem for executives. Most of them look forward to it with dread, don't know how to prepare for it. A Harvard School of Business Administration study shows that more than 60% of executives are unhappy during their first retirement year.

If you shudder at the thought of retirement, your best bet is to start planning now—well ahead of your actual retirement. If you do, you can build a definite framework for your new life.

For gun and hunting enthusiasts: The 1954 edition of the Gun Digest goes on sale next week. It contains latest prices, technical details, and other information on all current U.S. and foreign guns, sights, and cartridges.

In addition, there are 25 new articles and stories on guns. It has 228 pages, sells for \$2 in book and sporting-goods stores.

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This "bathroom fixture"
has a U. S. Rubber hose



to help wash the modern iron horse

The rubber hose carries chemicals and water up to a temperature of 195°F. — to wash away the greases, oil and grime a locomotive collects on its runs. This hose lasts at least five months longer than the hose previously used — they invariably failed after about 45 days under the terrific effects of the

corrosive chemicals and the tremendous heat. United States Rubber Company technicians scrapped conventional ideas on hose construction, started right from scratch to make this hose full of endurance and flexibility, and with a pressure resistance strong enough to prevent the hose from exploding and

scalding the workman. "U. S." makes quality hose for just about every imaginable purpose. Consult any of our 25 District Sales Offices, each staffed with engineers. Or write to address below.



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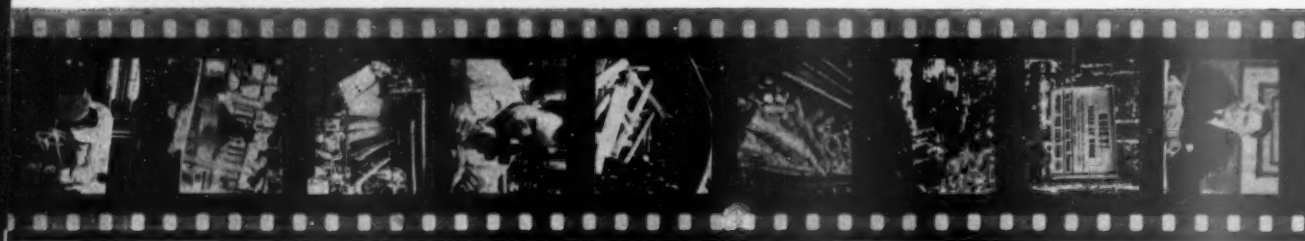
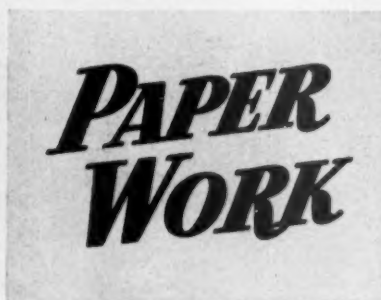
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MANAGEMENT



President Robertson dons makeup, goes under lights to play role in one of . . .



. . . three new films about company operations. At a cost of more than \$200,000 . . .

Champion Says It with Movies

Champion Paper & Fibre Co., Hamilton, Ohio, covers a great deal of territory with its mills, plants, and timberland sprawled over 500,000 acres in Ohio, Texas, and the Carolinas. This brings it into contact with many people—a fact that creates “a problem of understanding that is more serious than ever before,” in the words of Champion’s president, Reuben B. Robertson, Jr. (cover).

Champion’s awareness of this prob-

lem is the basic reason behind the ambitious program that the company has launched—a program aimed at telling its story to people on film (pictures above). This week Champion had just finished up the weaving together—on celluloid—of that story.

• **Three for One**—Five years ago Champion made a sales promotion film. In 1951, it decided the movie needed updating, in the light of the return of a competitive market. When it went to

Wilding Pictures Productions, Inc., Chicago, however, it found that three films—made at one time—wouldn’t cost much more than a single production. Champion then and there decided to kill three birds with one stone—to produce a trio that would help create the understanding it so badly wanted.

Just completed at a cost of over \$200,000 and using Champion’s people and facilities with a few professional actors thrown in, the three

She's buying milk...

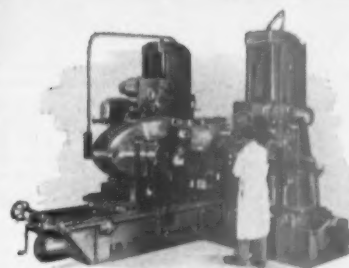


she's helping to buy a machine tool — — —

FRESH, nutritious milk . . . sealed and protected in air-tight cartons . . . so good that Americans purchase 21 billion quarts each year. And a small fraction of the price paid for milk helps to buy the modern machine tools so necessary to the milk industry. These machine tools manufacture the clean, automatic, highly efficient equipment used in every phase of the dairy industry . . . from processing and packaging to refrigerating and distributing.

And the same applies when people buy canned foods, farm tools, cigarettes, clothing and thousands of other items. Modern machine tools are always needed to build the equipment necessary to produce new products, and to meet demands for better ways of producing established products. So, a small part of today's price of any product must help buy tomorrow's machine tools.

In 55 years, Kearney & Trecker have produced more than 60,000 standard and special machine tools . . . to simplify methods and increase production for manufacturers . . . to make better products at lower cost for consumers. If you use machine tools, it will pay you to have Kearney & Trecker analyze *your* machining operations.



Designed and built by Kearney & Trecker, this horizontal milling and boring machine is helping to produce the highly complex equipment that fills and seals milk cartons — automatically. This machine tool accomplishes a whole series of precision machining operations in a single setup. Another example of how Kearney & Trecker machine tools pay off for manufacturers.

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KEARNEY & TRECKER CORPORATION • Milwaukee 14, Wis.
Builders of precision and production tools for milling and boring — Since 1898

VIKING PUMPS HAVE A SWEET TOOTH for MOLASSES, TOO!

The teeth of Viking's pumping gears find molasses, as well as many other viscous materials, just to their liking.



If you haven't used a Viking pump for such jobs, you are in for a pleasant surprise. The positive suction, fast self-priming, and smooth, even discharge of all Viking pumps is just the answer for many such pumping problems.

There are over 600 standard models in all types of materials from which to choose. Capacities range from 1/2 to 1050 GPM. Pressures to 200 psi.



For information on pumps for all types of viscous liquids, write today for free bulletin Series 53S.

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THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP

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THE WORLD'S HARDEST METAL

- 1 Many times more durable than steel, it adds years of life to the wearing edges of tools, dies, machinery and equipment.
- 2 Hard as a diamond and almost indestructible, it triples output per man and per machine.
- 3 New heavy-metal alloy (17.5 specific gravity) has proven best for atomic radiation screening and for applications requiring maximum weight in minimum space.

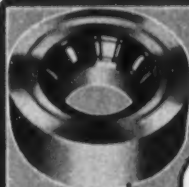
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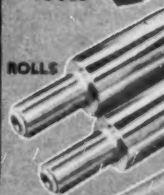
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pictures cover Champion's story from several angles: "Paper Work" describes Champion's manufacturing operations, taking the viewer from the planting of the tree seed to the printer's door; "Deep Roots" spotlights the company's source of raw material—timberland—while putting across a conservation moral; "Good Business," aiming to sell the American way of doing things, describes Champion's operations in terms of human relations.

All three pictures are slated for release in the fall. Champion plans to show them to its management and employees, then to community groups in places where the company has its plants.

• **Human Relations**—This, actually, is just another step in broadening the company's human relations program by carrying it outside its plants. Champion has already taken strides in that direction, notably last year, when it set up the Champion Paper Foundation to handle the company's charitable and educational donations (initial grant: \$600,000). And it is all in line with the interest in people on the part of Champion's 45-year old president.

This interest shows up in Champion's personnel policies, which have as their aim, says Robertson, the preservation of "a small shop" atmosphere. Robertson sees to it that, at Champion, workers talk to management in terms of a friendly greeting, not gripes.

Champion has most of the standard benefits, such as sickness and accident insurance, a retirement plan, periodic hikes in pay with increased services (pay rates are above the industry average), and extensive recreational facilities for active and retired employees. It is also a safe place to work, the management says. Executives put the accident rate at about two disabling accidents per million manhours, which is about one-fifth of the average for the paper industry.

• **Unions**—Management is firmly convinced that the workers feel the company is giving them a square deal. The rate of turnover in the paper and pulp industry generally is 28 per 1,000. Champion says its rate is only 13.

Champion's Hamilton and Canton (N.C.) divisions have no unions. The Pasadena (Tex.) division workers are represented by the independent Houston Paper & Pulp Mill Workers, which last summer won over the United Paperworkers of America (CIO) in an NLRB election. Aside from that, five unsuccessful attempts have been made to unionize the Hamilton plants, the first in 1939 by the AFL, the last in 1946 by the CIO.

"Lacking a group which represents most of our employees," Robertson says, "we have to do a better job of employee relations ourselves."

• **Personal Touch**—To do this properly,



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he thinks that the workers must feel the boss is somebody they personally know, someone who is on the work floor with them, not in some prohibitive-looking front office. He has to be one who has the answers to things workers want to know about the company and its policies. The man who fits the shoe in Robertson's eyes is the foreman. At Champion the foreman is a key man in its decentralized setup, which places a lot of responsibility down the management ladder.

Says Champion's industrial relations vice-president Dwight J. Thomson to emphasize Robertson's point, "It's the foreman who is the personnel department, not us. We don't try to usurp any of his responsibilities."

Robertson sees to it that his foremen are in on what goes on at the top so that they can have the answers for their workers. They get the information at regular supervisory conferences. These meetings also give them a chance to air their views, which are passed on upstairs anonymously.

• **Cool to Training**—Robertson doesn't believe, though, that the foreman should be snowed under by too many meetings. His best experience is on the shop floor. Says Robertson, "We tried the idea of training for leadership—it didn't get anywhere. We found we had to be specific, rather than deal in generalities."

The free hand given to Champion's foremen is matched all along the management line. Except for such activities as selling, finance, and research, each of the three divisions at Champion is responsible for its own operations. Recently, managers of the Carolina and Texas divisions were named vice-presidents to give weight to their autonomy within the company.

• **It's a Tradition**—Interest in personnel work runs in the Robertson family. Robertson's father, Reuben, Sr., now Champion's board chairman, has himself made an impressive record in personnel and community relations. In addition to molding many of Champion's industrial relations policies when he actively ran the company as president (until 1950), the elder Robertson has served on many outside bodies. He was one of the founders (and is still director) of the Southern Industrial Relations Conference; a member of President Roosevelt's Labor-Industry Conference of 1941, and of the National War Labor Board for two years.

While his father was making his mark, young Robertson was building a personnel relations record of his own. Joining the company in 1930, after graduating from Yale's Sheffield Scientific School with a chemical engineering degree, his first job involved time study, cost reduction, and personnel work. Then, delving still deeper into human

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Previous attempts to clean the tanks by sand blasting had not been satisfactory. And there was particular difficulty in cleaning behind the overlapping plates of one riveted tank.

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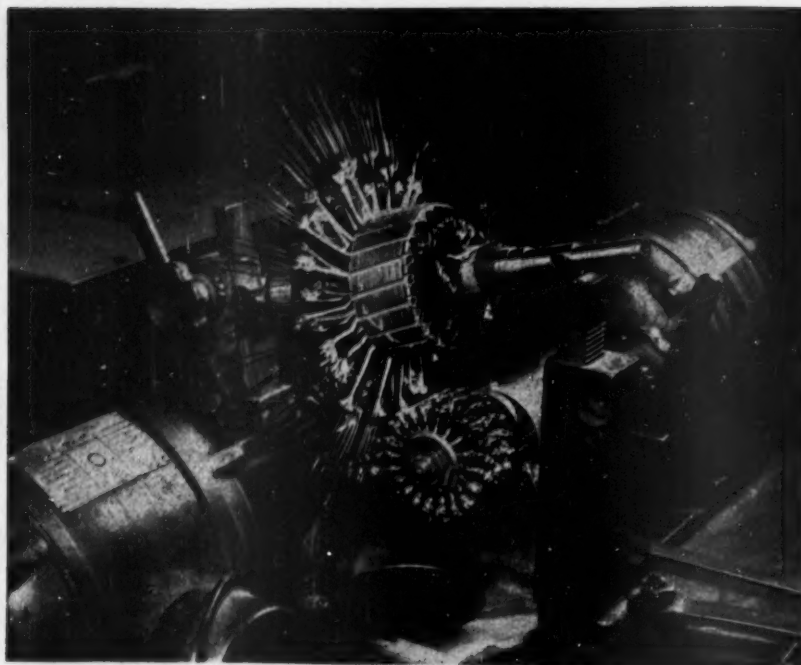
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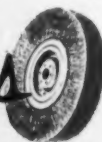
This strip act with Osborn wire brushes is taking off costly hours in the production of d-c motor armatures... typical of savings being discovered throughout industry with push-button brushing methods.

The job here is to remove enamel insulation from copper wires to assure top quality soldered connections. Formerly done by a tedious hand-scraping method, the time per armature was 14½ minutes. With the motor-driven brushing device shown the time has been cut to 3 minutes. As the armature is turned, a pair of Osborn Disc Center wire brush heads rotate downward on the wires and the insulation comes off clean.

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engineering, he took over personnel relations at Champion's Canton division from 1936 to 1938. For three years after he seasoned himself in personnel work at Champion's other two divisions. In 1946 he was named executive vice-president, and four years later he took over Champion's presidency.

• **Outside, Too**—Like his father, Robertson has pressed his industrial relations experience into public service. In 1942, he served on the War Production Board. Then took time out for three years service with Army Ground Forces. In November, 1950, he was named to the Wage Stabilization Board by President Truman.

At 45, Robertson is a husky man, who not only looks like a fullback, but acts like one. At work, he drives hard, putting in long hours—usually in shirt-sleeves—at his office on the second floor of Champion's Hamilton headquarters. A member of his staff once waited from 7 to 10 p.m. to catch him between phone calls. (Robertson likes to work by phone. "That way you get the tone of voice," he says.)

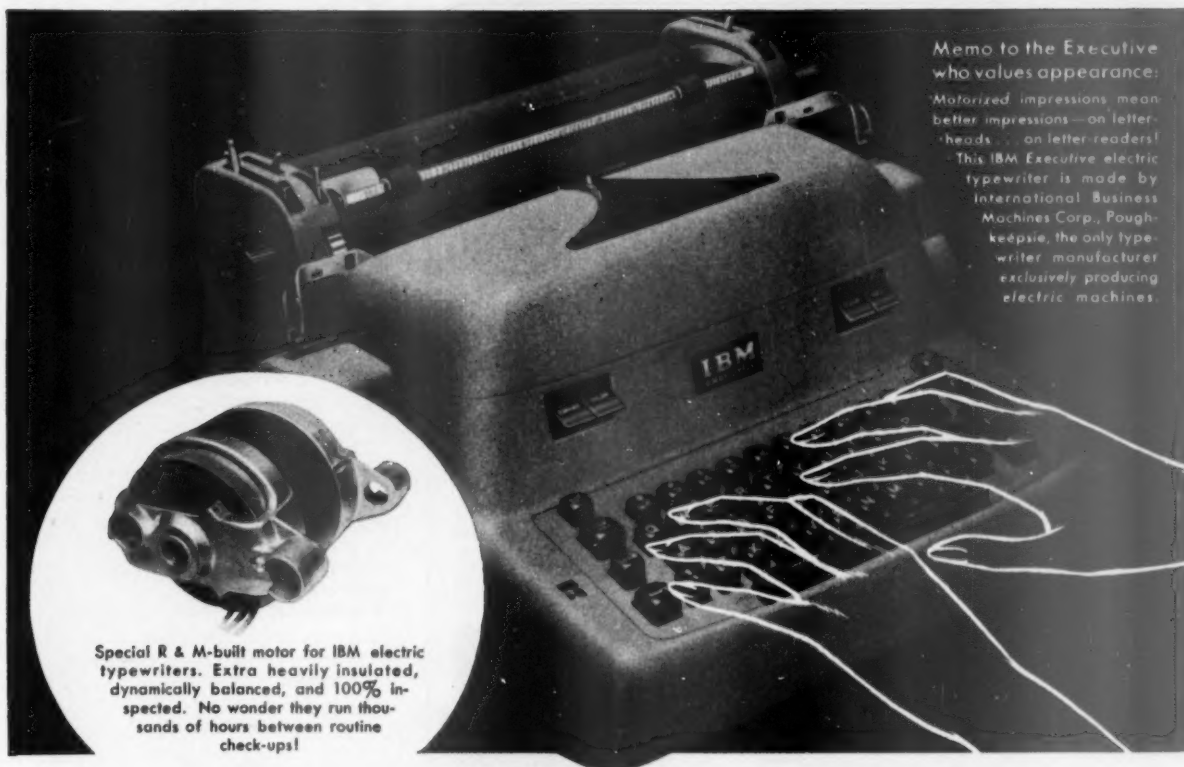
• **\$118-million Business**—The organization that Robertson took over in 1950 is today one of the largest paper manufacturers in the industry. Its sales in fiscal 1943, which ended in March, were close to \$118,500,000, having climbed from \$43-million in 1943.

Champion got its start as a company through the efforts of a New York maker of Valentine cards, Peter G. Thompson. In 1887, Thompson sold his business—consisting only of printing equipment worth several thousand dollars and goodwill—to a Brooklyn competitor for \$100,000. Thompson had initially volunteered to buy out the Brooklyn man.

In 1890 Thompson journeyed West to buy a plant site in Hamilton, and in 1893 the Champion Coated Paper Co. was incorporated. Hitting a snag in paper supply, Thompson in 1897 bought a small Ohio paper-manufacturing company. That was the forerunner of Champion today, a business that has grown to a daily output of 1,500 tons of paper. (Among Champion's customers: Life magazine, which annually takes 50,000 tons; American Can Co., which uses Champion paper for its milk containers.)

• **Hard Go**—In its younger days, Champion had tough sledding. During the panic of 1907-08, Thompson had to borrow \$4.2-million to keep his business solvent. In 1899 and 1913 the company was plagued by fire and floods at its Hamilton plants. In later days—1931—Champion had a run-in with the government when it was forced to surrender 90,000 acres of its prime timberland for the formation of the Smoky Mountain National Park.

Today, though, Champion is sitting



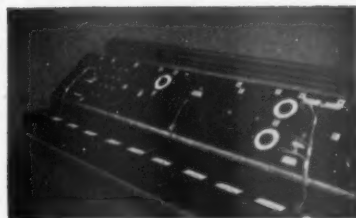
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dependably, year after year.

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comfortably with more than 500,000 acres of forest land in the Carolinas, Georgia, Texas, and Tennessee.

• **In Reverse**—While many companies today are diversifying their product lines, Robertson has been following what he calls "a reverse policy": disposing of subsidiaries not directly tied up with paper making, while building up a complete paper-manufacturing organization—from the source to the ultimate consumer.

The Champion Chemical Co., incorporated to market sodium hypochlorite, was liquidated in 1947. In 1951 Champion sold Hamilton Laboratories, Inc., a producer of phenyl mercuric compounds. In the process of liquidation today is its Knoxville Lime Plant.

Says Robertson, "Today you must invest more in a tree than you ever dreamed of, to end up with a piece of paper. Now, we're acquiring interests in paper distributors and in some converting operations to balance our inlets with outlets."

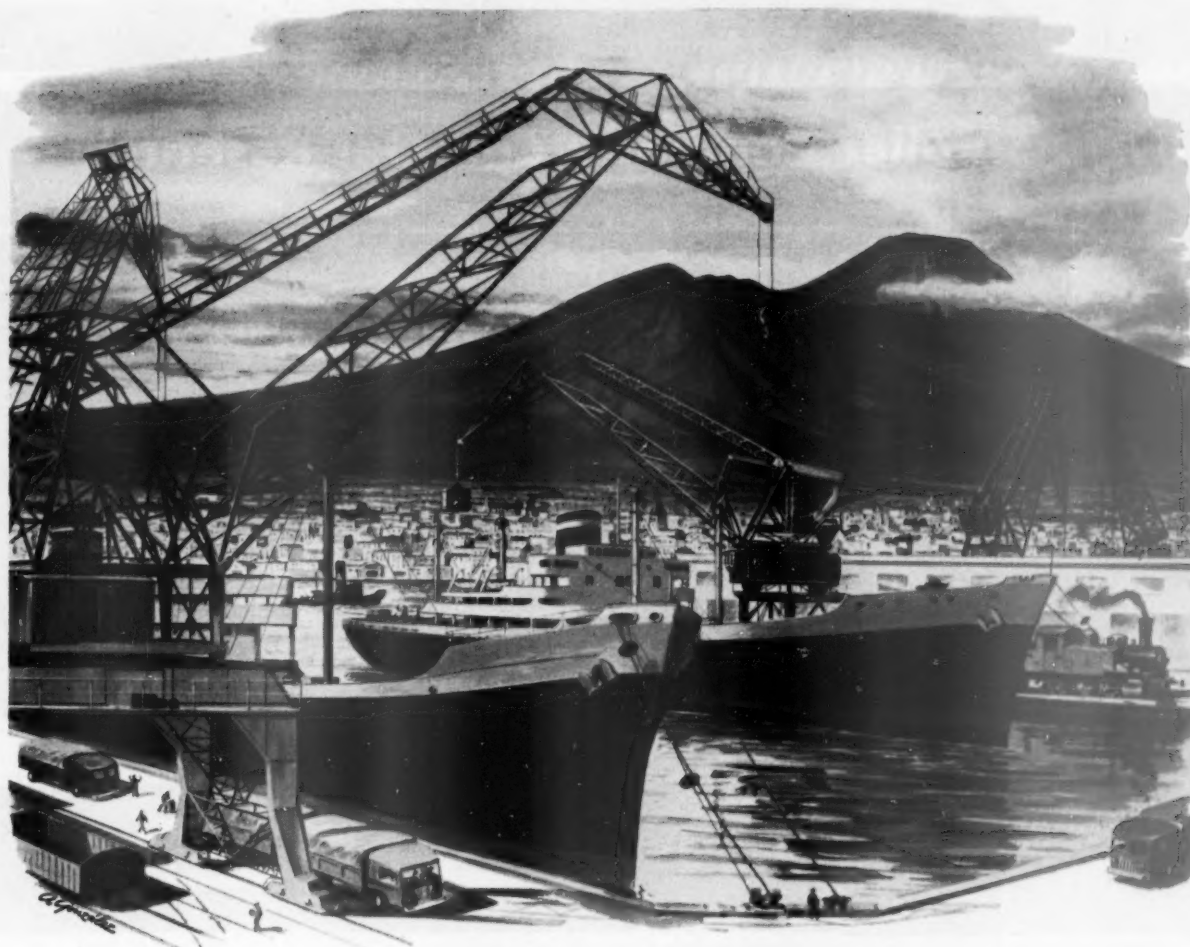
• **Bullish**—Robertson admittedly is playing it risky. Last summer the whole industry was hit by a soft market with a 20% drop from capacity production. Champion's net sales in 1953 sagged 2.7% from the 1952 figure of \$121,786,000, while net profits were down from \$9,936,000 to \$8,874,000. But says Robertson, "I am more bullish on us than I am on the industry as a whole."

MANAGEMENT BRIEFS

General Electric Co. expects to spend \$5-million this year on its program of aid to education. One item: San Francisco short-wave station KGEI will be operated on a nonprofit basis to allow West Coast universities to beam educational and entertainment programs to the Far East. GE had operated KGEI to broadcast a Voice of America program that was dropped on June 27.

A one-year advertising fellowship in the Harvard Business School, worth \$2,200, has been established by James T. Chirug, a Boston advertising executive who believes that "there are too many men in advertising who don't understand how business makes money."

Illinois Institute of Technology has put out a booklet listing its faculty members who are available to speak—free of charge, except for expenses—on a wide range of technical and business subjects. The aim: to share the institute's knowledge while drumming up publicity that will help secure business aid.



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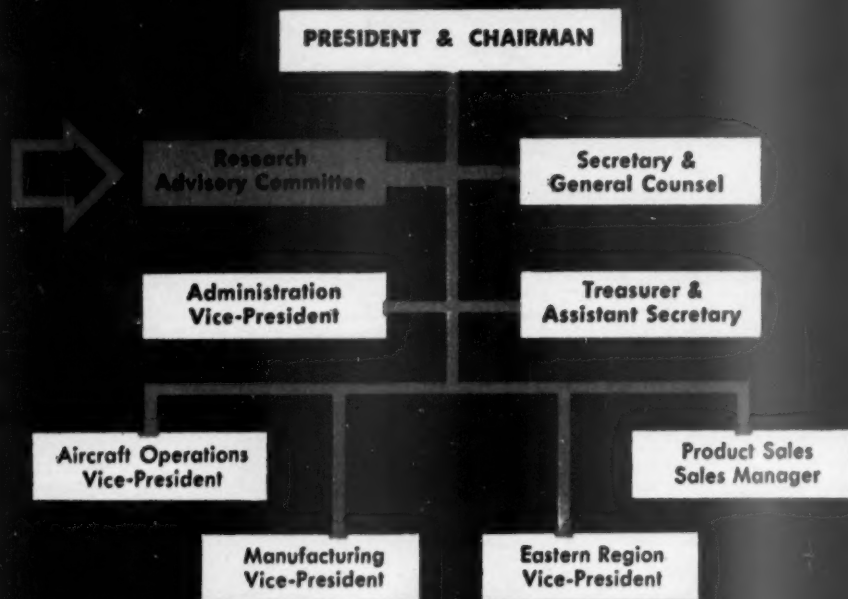
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RESEARCH

How a Smaller Company Can Get Research

Pacific Airmotive Corp. did it . . .

. . . by setting up a part-time Research Advisory Committee made up of college professors and outside engineers, giving it status similar to a Board of Directors, and fitting it in their organization just below the president . . .



BUSINESS WEEK

Answer: Part-time Science Board

In today's fast-paced technology, research is as important to a small company as it is to a big corporation with unlimited funds. The problem is how to afford it. The small company often can't afford to set up a research and development section—or in many cases even to hire a scientist on a year-round eight-hour-a-day basis.

Pacific Airmotive Corp., at Burbank, Calif., just outside Los Angeles, believes it has found a way out of this dilemma. Its solution is a research advisory committee made up of leading scientists and engineers, most of them from nearby universities. Members of the panel cover nearly the entire sweep of basic sciences, and many of the men have international reputations.

The committee, which reports to the president of PAC, meets periodically to review progress in the various fields of aircraft research. In addition, its individual members are called in to tackle specific problems, working a few hours, several days, or weeks, as may be necessary. Payment for services is according

to individual arrangement with the scientist.

In PAC's corporate structure, members of the research advisory committee are considered on a par with the corporate officers. They serve for one-year terms under appointment by the board of directors. And they are listed in the annual report along with the directors and company officers.

• **Origin**—The need for the research advisory committee arose out of the nature of PAC's work. This divides into three categories: engine and aircraft overhaul, sales of aircraft parts and products, and a manufacturing division specializing in pressure and temperature control for high-speed, high-altitude flying.

It's in this last field that the research advisory committee does most of its work. But overhaul and maintenance also require application of the basic sciences—physics, chemistry, aeronautics—and frequently involve some re-manufacturing of parts. In this, problems of metallurgy alone can be formidable.

In its 25 years of serving the aircraft industry, PAC built up a reputation in designing and manufacturing test equipment. This led the company into manufacture of tricky pressure and temperature control components. And, despite its small size compared to the big prime contractors, it is now one of the two principal private companies engaged in design and manufacture of complete temperature and pressure systems.

Hence came government consideration of PAC for research contracts in these fields. Hence, also, PAC's research problem.

• **Alternatives**—Many of the research and development projects offered to PAC called for modern facilities, for the best engineering available. The cost of putting this kind of talent permanently under PAC's or any small company's roof would be prohibitive.

PAC had these alternatives—either decline the projects for lack of facilities, or create the best possible substitute to guarantee the needed brainpower and research equipment without unusual

capital outlay. In its decision, the management was guided by a conviction that companies which fail to advance with technological progress lose out in the end.

• **A Natural**—To PAC's president and chairman of the board, Thomas Wolfe, the answer was clear. As a part-time faculty member at Northwestern University for many years, he had become intensely interested in the research contribution of universities to the basic sciences. Associated later with California Institute of Technology, he was in close touch with its research.

PAC's location was ideal for what he had in mind. Cal Tech, at Pasadena, just a half hour's drive from the Burbank plant, is the home of the world-famous Guggenheim Aeronautical Laboratory. Near at hand were the University of California at Los Angeles, with its research organization in aeronautical engineering and the physical sciences, and the University of Southern California, also in Los Angeles.

Wolfe broached his idea personally to professors at these schools. Most of them, already loaded down with work, tried to beg off. But Wolfe's arguments convinced them. He pointed out the value to national security of aiding a vital field of aeronautics. He stressed the growing importance of basic research in temperature control and pressurization, on which depend protection of the pilot and continued operation of his plane at ever higher speeds and altitudes.

• **Lineup**—With that kind of sales talk, Wolfe came up with this panel:

• From California Tech—

Dr. D. S. Clark, professor of mechanical engineering.

Dr. P. Kyropoulos, associate professor of mechanical engineering.

Dr. F. C. Lindvall, chairman, division of engineering and aeronautics.

Clark B. Millikan, professor of aeronautics; director, Guggenheim laboratory.

Dr. W. Duncan Rannie, associate professor of mechanical engineering.

Dr. R. H. Sabersky, assistant professor of mechanical engineering.

• From Southern California U.—

Dr. George T. Harness, acting dean, school of engineering.

• From UCLA—

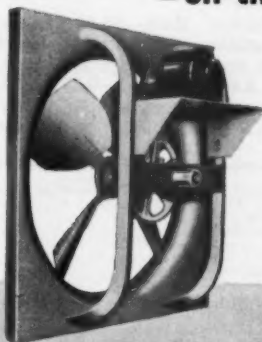
Dr. R. W. Leonard, associate professor of physics.

Wolfe rounded out the advisory group with two noncampus scientists: H. Edmund Karig, chief development engineer for Given Mfg. Co., and Dr. James M. Carter, Carter Laboratories consultant.

• **Problems**—In addition to research

High-Performance Blades!

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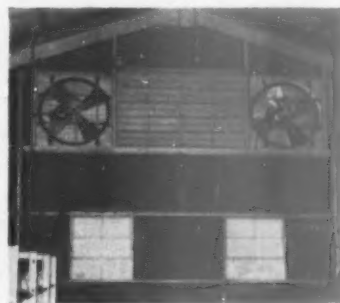
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Automation Executive Engineer with Unique combination of training and experience. 10 years engineering experience including 4 years in production and 3 years in automatic controls development. Holds patents pending on a flexible automation machine control system adaptable to all machining, assembly, inspection, and parts handling operations. Age 34. B.S.E. and M. Bus. Adm. degrees U. of Michigan. Member I.R.E. Registered Industrial Engineer, Ohio. PW-8624, Business Week.

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Mechanical Engineer—MBA, 10 years product development. Seeks position in economic analysis and product planning. PW-8616, Business Week.

Management Executive, now Vice-Pres.—Ind. Relations of multi-plant operation, desires position with well established company in need of top labor relations management. Excellent background in labor negotiations, grievance procedure, job evaluation and wage inequity programs. Incentive, suggestion plans and employee evaluation. PW-8623, Business Week.

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Write for further information to: Clues Section, BUSINESS WEEK
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"... it would have been impossible a year ago to think of such a project ..."

SCIENCE BOARD starts on p. 104

on high-speed planes, this group of 10 scientists is tackling special problems in guided missiles. The Air Research and Development Command recently asked PAC to design a hydraulic unit operating without cooling or lubrication for a guided missile that must operate within tremendous pressure ranges. The advisory committee surmounted the research problem involved, and PAC submitted a good proposal.

All divisions of PAC may call for the committee's help. Chemistry, for instance, is important in the fuels, lubricants, plating procedures, thinners needed for maintenance and overhaul. Physics is used in maintaining airfoil design of propellers and control surfaces during repair. When PAC goes deeper into maintenance of turboprop and jet engines, metallurgy will play a bigger role.

• **Pitching In**—The first committee member to roll up his sleeves and dig into a project was UCLA's physicist, Dr. R. W. Leonard. His problem was human as well as scientific—the noise generated by engines when they are test-run, part of the time at maximum speeds, before delivery.

PAC's test cells had been adequate to stop the din of the engines in use when they were built. But the tremendous increase in engine power brought more and more noise—and more and more neighbors complained.

Before the advisory committee got the problem PAC had spent \$60,000 but the noise was just as deafening. The committee turned this tough one over to Dr. Leonard, who spent six weeks on it and seems to have it licked. PAC has not completed the first cell built entirely according to his design, but some parts have been installed. And already the complaints have stopped, though PAC is testing more large engines than ever.

• **Future**—With the committee's aid, PAC expects to hold its share of development work in its specialized field, despite Defense Dept. curtailment of the research and development budget.

Within the past month, several of the committee scientists have worked with PAC engineers in drafting a company proposal to the Air Force for research in cockpit temperature controls. Such a study would follow PAC's own research in the field, but would require additional scientists and facilities. It would have been impossible a year ago for PAC to think of such a project.

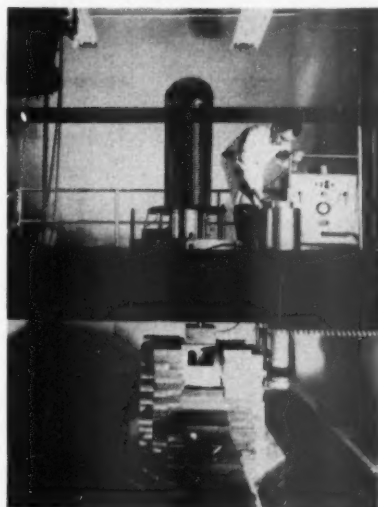
RESEARCH BRIEFS

Research on acetylene at Air Reduction Chemical Co., a division of Air Reduction Co., Inc. (Bound Brook, N. J.), has produced four new alcohols and glycols, previously unavailable in commercial quantities. The chemicals are reported promising for insecticides, fungicides, and pharmaceuticals.

Improved lumber products and reduced building costs are the aim of a research program set up by the National Lumber Manufacturers Assn. A million dollars has been set aside for the 10-year project.

Pain may be relieved with supersonics, ultra high frequency sound waves, if advanced research being carried on by Dr. Peter Lindstrom, chief neurosurgeon at Aspinwall (Pa.) Veterans Hospital, pans out. The method would not cure the cause of the pain but would relieve the suffering, according to the announcement by the Addison H. Gibson Laboratory at the University of Pittsburgh.

Breaks in pipelines, a very tough and expensive problem, will be the subject of a research project at Oklahoma A. & M. Under a \$115,000, three-year grant, engineers will concentrate particularly on the pressure waves that cause breaks.



Sterilization Tests

A 2-million volt Van de Graaff generator in the research laboratories of Upjohn Co. (Kalamazoo, Mich.) is used for experiments in sterilization. The company is testing methods of sterilizing packaged medications by bombarding them with electrons generated by the machine.

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Now—A Fresh Approach to Russia

When Stalin died early last March it seemed quite certain that there would soon be a struggle for power in the Kremlin and a weakening of Russia's grip on its East European empire. But events behind the Iron Curtain have moved at an even faster pace than anyone in the West could have hoped for.

First came the June 17 revolt in East Germany, which has made the Russian position untenable in Germany and perhaps throughout the whole satellite area.

Then came the downfall of Beria, boss of Russia's secret police and No. 2 man in the post-Stalin regime. This not only changes the balance of power in the Kremlin but undermines the authority of the secret police, the strongest pillar of the totalitarian system that Stalin created (BW—Jul. 18 '53, p30).

The conjunction of these events indicates that the Soviet Union is in the throes of a serious crisis—so serious that it could finally destroy Stalinism in Russia and Soviet imperialism in Eastern Europe.

There is no sign that the United States has a policy to match this momentous turn of events. Washington has adopted a "wait and see" attitude. This caution is reminiscent of the "let the dust settle" policy that Acheson adopted as the Communists were taking over China. The trend of history this time may be flowing our way, but waiting and seeing is not enough.

True, our psychological warfare is being stepped up in Eastern Europe. We quickly offered \$15-million of food to the East Germans. But moves like this are little more than pinpricks. They are hardly a substitute for an American policy that would attempt to take advantage of the Soviet crisis in order to bring the struggle between Russia and the West to an end.

Symptoms of the End

It appears a distinct possibility that Beria's ouster and the seething unrest in Eastern Europe mark the first stage in the disintegration of the Stalin system. There may be a convulsion in Russia that some day will sweep aside Stalinist tyranny. The Red Army would inevitably play a leading role in such a development, for it is the only organized force that appears primarily concerned with the national interests of Russia.

Since Washington cannot know for certain that things will develop this way, the wise course is to be prepared for more than one eventuality. As President Eisenhower warned on the signing of the Korean armistice, we must remain constantly vigilant. For the Soviet crisis may be no more than a shakeup as the post-Stalin regime consolidates its position, which could mean only a temporary easing of the cold war.

But keeping up our military guard need not exclude the formulation of a program that could be offered to a nonimperialist and nonaggressive Russian regime. Armed with such a program we could be prepared to

make the most of things if a new regime did emerge from the present crisis. And by formulating at least the principles of a program now, we might even encourage the emergence of just such a regime.

There may be a useful, though obviously not exact, analogy between the position the West faces today and that which the Allies faced in October, 1918, when President Wilson announced his 14 Points. Wilson's program, in which self-determination was the key item, was not directed so much at Kaiser Wilhelm II as to the powerful but silent forces in Germany that were then striving for peace. It is not too much to say that it contributed as much to the armistice of Nov. 11 as Germany's unfavorable military position.

An American policy that fitted the present situation would have to include this cardinal principle: A non-imperialist Russia that is prepared to withdraw its armies from Eastern Europe would not have to sacrifice its security or other legitimate national interests.

A Formula for All

Our problem then would be to find a formula that satisfied both Eastern Europe's right to freedom and Russia's desire for security.

The starting point must be in Germany. The division of that country is explosively unstable for two reasons:

- U. S. and Russian troops still face each other across the Iron Curtain.

- Since June 17, unification has become a compulsive force in both East and West Germany.

A negotiated settlement that unified Germany would clearly involve the withdrawal of Western and Russian troops. Undoubtedly, it would also have to include some check on national German rearmament via an international agreement signed by the major powers, including Germany itself.

But if Russia is to get a guarantee from the West that Germany shall, in effect, be neutralized, then we must seek a complete reorganization of the satellite area.

In London, there is talk of trading the neutralization of Germany for the neutralization of such satellites as Poland, Czechoslovakia, and Hungary. In that case, we might be prepared to guarantee that Eastern Europe would not become a pawn, as it has been historically, for Germany or a West European combination.

This cannot be done by waiting or seeing. It cannot be done within the framework of our present rigid policy. Nor can it be accomplished with piecemeal psychological gestures that are the crumbs, rather than the substance, of a policy. These are purely negative moves.

What is now needed is bold, imaginative thinking on constructive lines. We need the kind of leadership Eisenhower gave in Korea. A clear and dramatic exposition of our basic principles can have an impact on the world like that of the 14 Points.

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on limiting the power of government

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is a history of the limitations
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not the increase of it.
When we resist . . . concentration
of power, we are resisting
the powers of death, because
concentration of power
is what always precedes the
destruction of human liberties.

(Speech in New York, 1912)

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